

# FMB HANDBOOK

# FINANCIAL MANAGEMENT BOARD HANDBOOK

FMB SUBMISSIONS  
BUSINESS PLANS  
MAIN ESTIMATES  
RESULTS REPORT  
VARIANCE REPORTING



PREPARED BY:  
BUDGETING AND EVALUATION DIVISION  
FINANCIAL MANAGEMENT BOARD  
SECRETARIAT  
MARCH 2007



## INDEX

ISSUE DATE: MARCH 2007

PAGE 1 OF 2

100	OVERVIEW
200	BUSINESS PLANNING
201	BUSINESS PLANNING OVERVIEW
202	BUSINESS PLANNING PROCESS
203	BUSINESS PLANS - SECTION DETAIL
300	CAPITAL PLANNING
301	OVERVIEW
302	CAPITAL PLANNING PROCESS
400	MAIN ESTIMATES
401	MAIN ESTIMATES OVERVIEW
402	MAIN ESTIMATES DEVELOPMENT
403	PRESENTATION OF MAIN ESTIMATES
500	STANDING COMMITTEES/COMMITTEE OF THE WHOLE
501	OVERVIEW
502	STANDING COMMITTEE REVIEW PROCEDURES
600	SUPPLEMENTARY APPROPRIATION
601	OVERVIEW
700	FMB MEETINGS
701	OVERVIEW
702	SUBMISSIONS
703	JOINT CABINET/FMB SUBMISSIONS
704	SPECIAL WARRANTS
705	CHAIRMAN'S LIST
706	INFORMATION ITEMS
800	REPORTING REQUIREMENTS
	<i>UNDER DEVELOPMENT</i>



## INDEX

ISSUE DATE: MARCH 2007

PAGE 2 OF 2

900	ACCOUNTABILITY
901	OVERVIEW
902	RESULTS REPORT
903	THIRD-PARTY ACCOUNTABILITY FRAMEWORK
904	PROGRAM EVALUATION AND PERFORMANCE MONITORING POLICY
1000	EVALUATION
1001	PROGRAM PLANNING
1002	WORKING WELL WITH EVALUATION CONSULTANTS
1003	WRITING TERMS OF REFERENCE FOR EVALUATION CONTRACTS
1100	OTHER INFORMATION
	<i>UNDER DEVELOPMENT</i>



## OVERVIEW

CHAPTER: 100

ISSUE DATE: MARCH 2007

PAGE 1 OF 3

The Financial Management Board Handbook is prepared by the Budgeting and Evaluation Division of the Financial Management Board Secretariat, for staff in GNWT departments.

This Handbook provides information on:

- ◆ Responsibilities of the Financial Management Board, and the Budgeting and Evaluation Division of the Financial Management Board Secretariat;
- ◆ Business planning and budget development processes;
- ◆ Supplementary funding procedures;
- ◆ Reporting requirements;
- ◆ Accountability and evaluation; and,
- ◆ Other matters related to monitoring the GNWT's budget.

We welcome comments, questions or suggestions to help make this a relevant and helpful tool for users. For more information or clarification, please contact your Financial Management Board Analyst or the appropriate Budgeting and Evaluation staff member as listed in the GNWT Phone Directory.

Note: This Handbook is a summary of processes and procedures, and is intended to be a tool to assist GNWT staff. The *Financial Administration Act (FAA)* and *Financial Administrative Handbook (FAM)* must be adhered to at all times; in the event of a discrepancy between this Handbook and the *FAA* or *FAM*, the *FAA/FAM* will prevail.



## OVERVIEW

CHAPTER: 100

ISSUE DATE: MARCH 2007

PAGE 2 OF 3

### I. FINANCIAL MANAGEMENT BOARD

The Financial Management Board (FMB) is a Committee of the Executive Council. The *Financial Administration Act [FAA 4(1)]* states that the role of the FMB is to act on all matters related to the financial management and financial administration of the Government in respect of:

- a. accounting and budgeting policies;
- b. the Public Accounts and the Estimates;
- c. controlling and recording financial commitments, assets, liabilities, expenditures and revenues;
- d. evaluating the efficiency, economy, and effectiveness of programs;
- e. reviewing annual and long-term expenditure and revenue plans; and
- f. any other matter referred to it by the Executive Council.

The FMB provides the central direction and control over the financial affairs of the departments and agencies of the Government; and advises the Commissioner on all matters relating to financial planning, management and evaluation for the Government.

For additional information on the role of the FMB, see the *Financial Administration Handbook (FAM)*, section 002.

### 2. FINANCIAL MANAGEMENT BOARD SECRETARIAT

Administrative support for the Financial Management Board is provided by the Financial Management Board Secretariat (FMBS). While organizationally a part of the Department of the Executive, the FMBS is a self-contained entity headed by the Secretary of the Financial Management Board. The Secretary of the FMB is also the Comptroller General of the Government of the Northwest Territories.

The Chairman of the FMB and the Financial Management Board Secretariat have the mandate for the management and control of the financial and information resources of the Government of the Northwest Territories, and for providing analysis and advice to the Financial Management Board, ensuring that the Government of the Northwest Territories' financial and information resources are managed in an effective, efficient and economical manner.



## OVERVIEW

CHAPTER: 100

ISSUE DATE: MARCH 2007

PAGE 3 OF 3

The Financial Management Board Secretariat's responsibilities include:

- a. Business Planning and Budget Development
- b. Accounting and Financial Reporting
- c. Financial Systems, Controls and Monitoring
- d. Information Management and Strategic Information Planning
- e. Program Design, Results Measurement, and Program Evaluation
- f. Internal Audit
- g. Organizational Design

For more information, please refer to the *FMBS Establishment Policy* (<http://www.gov.nt.ca/publications/policies/index.htm>)

### 3. BUDGETING AND EVALUATION DIVISION

The responsibilities of the Budgeting and Evaluation Division of the FMBS include:

- a. coordinating the GNWT's business planning and budget development process;
- b. developing budget managing policies and procedures;
- c. developing and monitoring the GNWT's budget;
- d. providing advice and analysis to the Financial Management Board;
- e. developing corporate policies and procedures in the areas of program design, program evaluation and results management;
- f. providing advice, assistance and training to government departments, boards and agencies in all the above areas; and
- g. providing training and technical support in program design and evaluation to community governments and other third parties.



## BUSINESS PLANNING - INDEX

CHAPTER: 200

ISSUE DATE: MARCH 2007

PAGE 1 OF 10

200	INDEX
201	OVERVIEW
202	BUSINESS PLANNING PROCESS
203	BUSINESS PLANS - SECTION DETAIL



## BUSINESS PLANNING - OVERVIEW

CHAPTER: 201

ISSUE DATE: MARCH 2007

PAGE 2 OF 10

The GNWT uses a comprehensive multi-year business planning approach for the development of their annual budget. The result is a high level overview of goals, strategies, outcomes and resource allocation. Business Plans are not intended to provide a comprehensive description of each department's line of business, programs and services, or functions.

The GNWT Business Plans provide a framework for assessing the effectiveness of government programs; and promote accountability by showing how resources will be deployed towards the outcomes the GNWT is trying to achieve. This is consistent with the broad movement internationally towards better accountability for government spending, through an increased focus on outcomes.

The development of Business Plans is part of the Budget Development process, which consists of several phases:

1. Fiscal Strategy development
2. Multi-Year Business Plan development (Note: The Capital Planning process occurs simultaneously with Business Plan Development)
3. Standing Committee reviews/recommendations
4. Main Estimates development – includes O&M and capital
5. Standing Committee follow-up with Minister of Finance
6. Main Estimates tabled in the Legislative Assembly in conjunction with the Budget Address and Appropriation Act
7. Main Estimates are reviewed by the Committee of the Whole in the Legislative Assembly
8. Return with proposed amendments to the Appropriation Act, if required, before the final approval of the Act



## BUSINESS PLANNING - OVERVIEW

CHAPTER: 201

ISSUE DATE: MARCH 2007

PAGE 3 OF 10

Following is an approximate timetable for the Budget Development process for a typical year.

APPROXIMATE TIMEFRAME	DESCRIPTION
Late March:	Meeting of Senior Management Committee to discuss business planning / capital planning processes.
Mid-April:	FMB approval of proposed planning guidelines, assumptions and timelines; then Call letter for Business Plans sent to Departments.
Mid-May:	Departmental submissions for forced growth due to FMBS for analysis.
Mid-June:	Review of forced growth submissions by FMB.
Early to mid-June:	Departmental submissions for new initiatives due to FMBS for analysis.
Mid- to late June:	New Initiative Submissions reviewed by FMB.
End of June:	FMB Business Planning Meeting - finalization of departmental targets.
Beginning of July:	Call letter for final Business Plans, including departmental planning targets; prior year's Results Reports due to FMBS
Early August:	Business Plans due to FMBS.
Mid- to late August:	Pre-budget Community Consultations conducted by Standing Committees
Late August:	FMB reviews Business Plans and approves for circulation to Standing Committees.
Mid- to late September:	Standing Committee review of business plans.
Early to mid-October:	Responses to Standing Committee recommendations arising from Business Plan reviews approved by FMB; then  Call letter for the Main Estimates development;  Tabling of Pre-budget Consultation Report by Standing Committee.
Late November:	Draft Main Estimates due to FMBS.
Early to mid-December:	FMB reviews draft Main Estimates and approves for circulation to Standing Committees.
Mid-January:	Minister of Finance briefs AOC on changes between Business Plans and Main Estimates.
Mid-February to mid-March:	Budget Session (Committee of the Whole review of Main Estimates and vote to approve appropriations)

## BUSINESS PLANNING PROCESS

CHAPTER: 202

ISSUE DATE: MARCH 2007

PAGE 4 OF 10

### I. FISCAL STRATEGY

Before Departments can begin working on their Business Plan, a fiscal strategy must be developed.

The FMBS, in conjunction with the Department of Finance, and under the direction of the Minister of Finance, prepares a multi-year fiscal framework, based on a set of assumptions about revenues, expenditures, and federal transfer payments. This framework is used to project the fiscal position of the government for the beginning of the next fiscal year, assuming current policies and trends are maintained. It also projects alternate positions, based on various policy changes, new policies and new initiatives.

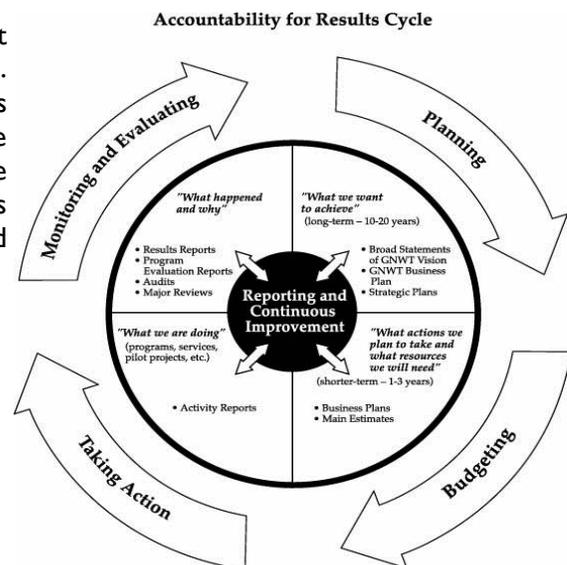
With these projections, the FMB is able to assess whether the current mix of expenditures and revenues are appropriate; or if alternatives in expenditures, taxation and borrowing are necessary. Based on this assessment, targets for each department are approved by the Financial Management Board and instructions are issued to departments for the development of multi-year Business Plans.

### 2. MULTI-YEAR BUSINESS PLAN DEVELOPMENT

Business Planning involves:

- ◆ linking the allocation of government’s resources to the achievement of stated **goals**,
- ◆ outlining **actions** and developing **strategies** to achieve the goals; and
- ◆ establishing **targets** and **outcome measures** expected as a result of those actions.

Departmental goals are established with a direct relationship to the GNWT’s overall priorities. Departments identify the challenges and pressures confronting them, and map out how to meet those challenges within available resources. The “Accountability Cycle” illustrates how Business Plans provide the link between the “planning” and “budgeting” segments:





## BUSINESS PLANNING PROCESS

CHAPTER: 202

ISSUE DATE: MARCH 2007

PAGE 5 OF 10

When existing resources are not sufficient to meet Departmental goals due to forced growth pressures or the need for new initiatives, a submission, substantiating the funding required, is prepared for FMB consideration. FMBS reviews all submissions and provides recommendations to the FMB, based on current priorities and overall Government goals. These submissions are usually presented to the FMB in May (forced growth) and June (new initiatives), prior to Departments finalizing their Business Plan. Any approvals for increased funding can then be included in the developing Business Plan.

The Department of the Executive's Strategic Planning Division, and the Financial Management Board Secretariat, review first drafts of Departmental Business Plans jointly. Plans are assessed to ensure consistency with overall government priorities and policies, and with planning targets and other direction that may have been provided by Cabinet or the FMB as the basis for development of Business Plans.

At this time, drafts are also reviewed for consistency of presentation and compliance with the established format. The complete version of the Business Plans include details of financial, human resource and information technology resource requirements which are not included in the final, published version of the document.

Draft Business Plans are then reviewed by the Financial Management Board, and approved for release to Standing Committees of the Legislative Assembly.

### 3. STANDING COMMITTEES' ROLE

Draft Business Plans are forwarded to Standing Committees for review. Included with the draft Business Plans is the Departments' 3-year Infrastructure Acquisition Plan. At the same time, draft Results Reports from the previous year are provided to the Standing Committees.

Standing Committee Reviews provide the opportunity for Members of the Legislative Assembly to have input in the planning process. Standing Committees will have also conducted their own pre-budget consultations, which provides input from NWT residents on Government priorities. Cabinet and the FMB take into consideration any recommendations for changes or amendments made by Standing Committees and Business Plans are revised based on Cabinet and FMB direction.

Once finalized, the Business Plans form the basis for the preparation of detailed annual Estimates by each Department.

Information on the role of Standing Committees, including procedures for Committee Review follow-up, can be found in Section 500 - *Standing Committees / Committee of the Whole*.



## BUSINESS PLANS - SECTION DETAIL

CHAPTER: 203

ISSUE DATE: MARCH 2007

PAGE 6 OF 10

The Budgeting & Evaluation Division provides Departments with the required format for the Business Plans, including templates, when the Call Letter is sent out. Information and formats required for the Business Plans can change from year to year, so it is important to review all the information provided in the Call Letter when preparing the Business Plan.

Most recently, the information has been organized according to the key activities listed in the Main Estimates, to facilitate comparison between the documents.

### GENERAL OUTLINE

**SECTION 1:** Introduction (What's new in the Department?)

- New initiatives
- Major Program Changes

**SECTION 2:** Content

- Mission
- Goals
- Opportunities and Challenges
- Performance Measures

**SECTION 3:** Appendices

- Changes to Departmental Goals
- Organizational Chart(s)
- Accounting Structure
- Fiscal Overview
- Environmental Liabilities
- Human Resource Plan
- Information Technology Plan



## BUSINESS PLANS - SECTION DETAIL

CHAPTER: 203

ISSUE DATE: MARCH 2007

PAGE 7 OF 10

### SECTION I – INTRODUCTION

**New Initiatives** section of the business plan provides a brief description of new initiatives in the department during the current Business Planning Period, and identifies what is driving each initiative (i.e.: economic, political, or social conditions that are creating the need for this new initiative).

**Major Program Changes** provides information on any major changes in program areas for the department during the current Business Planning Period.

### SECTION 2 - CONTENT

**Mission Statement** is a concise statement outlining the Department's overall responsibility, as defined by the Establishment Policy. It describes:

- ◆ “what” an organization does (functions, products, and services),
- ◆ “who” it supports (customers and clients), and
- ◆ “how” it is accomplished (the activities, technology, methods, and processes).

It should be no longer than a paragraph, and is not a re-statement of each of the core business areas of the Department.

**Goals** section lists the Department’s goals in one place (in previous years, goals were found in the performance measures section).

**Opportunities and Challenges** (formerly “environmental scan”) identifies and summarizes critical issues that will potentially affect a Department's ability to achieve their goals. Relevant issues should be identified along with economic, social, environmental, fiscal, political, legal and/or cultural factors. Where appropriate, Departments should make explicit reference to the Government of the Northwest Territories *Socio-Economic Environmental Scan* for pertinent demographic information.

**Performance Measures** include the following:

- ◆ **Key Activities**, as outlined in the Main Estimates. Outcomes and measures should be listed under the most relevant key activity. There may not be an outcome or measure for every key activity; do not include the key activities for which there are no performance measures.
- ◆ **Outcome**, which is the expected result (or results) stemming from government action. Outcomes should be more specific in nature than the goals and can be measured. Where the goals are very broad, it is difficult for the department to measure their contribution toward them. The outcome focuses the expected result into an area where the department has influence. While it is difficult to prove attribution, (i.e. it was the government’s action that caused the change) when the department reports on its success, there will be more credibility if the outcome has a direct connection to the work that the department undertakes.



## BUSINESS PLANNING - SECTION DETAIL

CHAPTER: 203

ISSUE DATE: MARCH 2007

PAGE 8 OF 10

- ◆ **Measures** come in different forms; some are more appropriate than others. The FMBS is not directive in the type of measure being used. The rule of thumb is to choose the measure that best reflects how close the department has come in achieving results. Remember that it is the outcome being measured. Do not choose a measure that is too expensive to collect, the data source is unreliable, or the availability of the data is unknown. When trying to measure the outcomes, direct measures are always best. Proxy measures are not as reliable.

Types of measures include:

- ⇒ **Benchmarks:** The reference point against which something is measured, or, a comparison against another similar organization/activity.
- ⇒ **Outputs:** A unit of service provided, or product provided, or people served by government or a government-funded program. It can also be a count of goods and services produced.
- ⇒ **Target:** Targets are used as a way to measure interim performance, assessing the rate of improvement from the present situation to the ultimate desired outcome. This should be time bound, i.e. "By 2007 there will be a 20% decrease in car accidents".
- ⇒ **Time Series Analysis:** Time Series is useful for: (a) identifying the nature of an event through a sequence of observations, and (b) forecasting (predicting future values). Basically it is measurement over a number of years so that trends or patterns can be established.
- ⇒ **Industry Standards:** An industry standard refers to a uniform level of performance agreed to by a national or international group of professionals who have expertise in a particular occupation or industry.



## BUSINESS PLANNING - SECTION DETAIL

CHAPTER: 203

ISSUE DATE: MARCH 2007

PAGE 9 OF 10

### SECTION 3 - APPENDICES

The following appendices are required for the Business Plans:

◆ **Appendix 1 - Changes to Departmental Goals.**

⇒ To identify any revised and/or deleted goals and, if applicable, any new goal(s), including an explanation for the required change.

◆ **Appendix 2 - Organizational Chart(s)**

⇒ include all divisions and regions, and the number of active positions for each unit (both filled and vacant positions).

⇒ Appendix 2(a) provides an active position reconciliation from the previous year's Main Estimates, and should identify reasons for position changes. Any positions added or deleted should be clearly indicated, even if the overall change is nil.

◆ **Appendix 3 - Accounting Structure**

⇒ Lists all activities with associated tasks, including a brief description of each task.

⇒ The activity and tasks must match those included in Operations Expense Summaries in the Fiscal Overview section (Schedules 2, 3, and 4 in Appendix 4).

◆ **Appendix 4 - Fiscal Overview**

⇒ The fiscal overview section provides a Department's proposed operations expenditures and revenues, compared to previous year's figures, and brief explanations of any changes. The Budgeting and Evaluation Division provides templates for this section.

⇒ There are 8 schedules included in this appendix:

1. Departmental Summary (3-year business plan horizon)
2. Detailed Year 1 Operations Summary
3. Detailed Year 2 Operations Summary
4. Detailed Year 3 Operations Summary
5. Explanation of Adjustments to Operations
6. Revenue Summary
7. Explanation of Major Revenue Changes
8. Revolving Funds (where applicable)



## BUSINESS PLANS - SECTION DETAIL

CHAPTER: 203

ISSUE DATE: MARCH 2007

PAGE 10 OF 10

### ◆ **Appendix 5 - Environmental Liabilities**

This section includes:

- ⇒ the community where the liability is located;
- ⇒ the name of the facility that is associated with the liability;
- ⇒ general comments on the type of liability and the responsible party;
- ⇒ the status of the liability (the level/phase of assessment completed, etc); and
- ⇒ the cost estimate to remediate the liability.

### ◆ **Appendix 6 - Human Resource Plan**

- ⇒ Format, instructions and templates are provided by Department of Human Resources.

### ◆ **Appendix 7 - Information Technology Plan**

- ⇒ The Office of the Chief Information Officer provides format, instructions and templates.



## CAPITAL PLANNING - INDEX

CHAPTER: 300

ISSUE DATE: MARCH 2007

PAGE 1 OF 8

300	INDEX
301	OVERVIEW
302	CAPITAL PLANNING PROCESS



## CAPITAL PLANNING - OVERVIEW

CHAPTER: 301

ISSUE DATE: MARCH 2007

PAGE 2 OF 8

The capital planning process was modified from a department-centered approach, to a government-wide approach, during the development of the 2002/03 budget.

The capital planning process provides for one GNWT capital investment target, with all Departmental projects competing for available funding. Projects are prioritized on a government-wide basis according to specified ranking criteria.

The primary criteria for ranking projects in order of priority is:

- ◆ Protection of People
- ◆ Protection of Assets
- ◆ Protection of Environment
- ◆ Financial Investment
- ◆ Program Needs or Requirements

Secondary criteria are used to further assess the urgency of projects, within each of the primary criteria. The secondary criteria are as follows:

- ◆ Direct Impact Scale – how many are impacted?
- ◆ Severity of Impact – what is the impact?
- ◆ Urgency – how soon is it needed?
- ◆ Mitigation – what else can be done?

All capital projects are evaluated by the Capital Planning Working Group, which consists of representatives from each department. Following the Working Group evaluation, an interdepartmental Deputy Ministers' Steering Committee reviews the capital projects.

A five-year *Infrastructure Acquisition Plan* is developed, for approval by the FMB; the first three years are detailed, and years 4 and 5 are rolled up into a future years column. This plan includes GNWT-owned capital investment expenditures, and infrastructure contributions (investment in capital infrastructure that becomes the property of a third party that has the ability to own real property – e.g. Community Governments and some Education Authorities).

Effective April 1, 2007, as part of the New Deal for NWT Community Governments, Community Governments have responsibility for planning, managing and owning their Community Public Infrastructure. Since the 2007/08 fiscal year, infrastructure funding now flows through a capital formula to Community Governments. As Community Governments will have ownership of infrastructure built with these formula funds, this funding is recorded as Infrastructure Contributions, and is not included in the GNWT's Infrastructure Acquisition Planning target.



## CAPITAL PLANNING - OVERVIEW

CHAPTER: 301

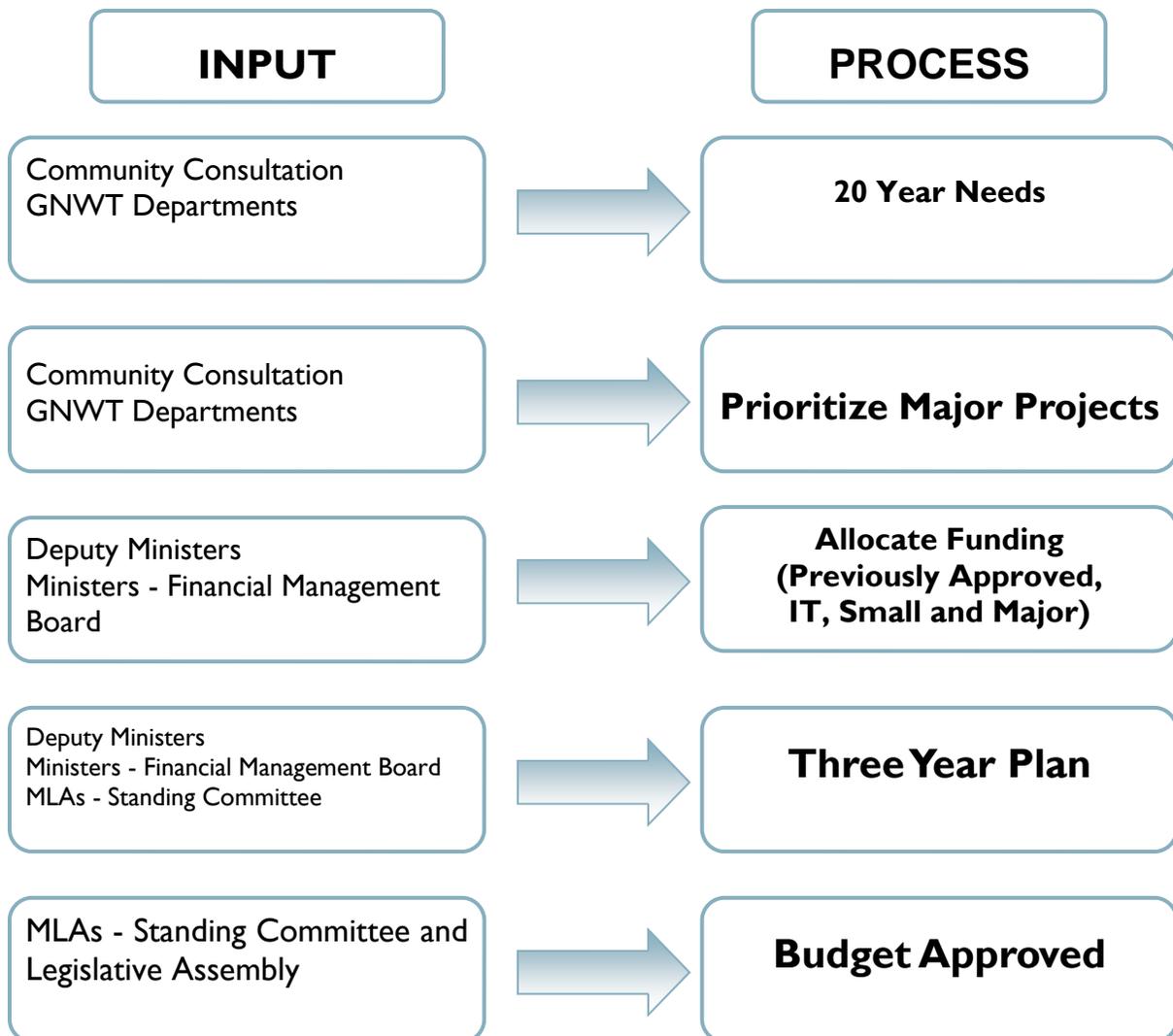
ISSUE DATE: MARCH 2007

PAGE 3 OF 8

Departments are required to consult with and/or advise Members of the Legislative Assembly when making changes to capital acquisition plans that have been approved for inclusion in the Main Estimates. FAM Directive 302 provides details on these requirements.

The capital planning process can be summarized as follows:

What is the Process and Who is Involved?





## CAPITAL PLANNING PROCESS

CHAPTER: 302

ISSUE DATE: MARCH 2007

PAGE 4 OF 8

The development of a department's Infrastructure Acquisition Plan involves extensive consultation with community governments and other stakeholders; continual updating of departmental 20-year capital needs assessments; and co-ordination with other GNWT departments to ensure that government priorities are addressed.

### **1. COMMUNITY CONSULTATIONS**

The community consultation process is an important element of the capital planning process. Departments typically conduct community consultations prior to the start of the capital planning process.

To better address community needs, an enhanced community consultation process was adopted for the 2004/05 capital planning process. The objectives of the enhanced consultations are to:

- ◆ coordinate consultation between departments and the communities;
- ◆ ensure communities understood the information provided (i.e. the 20 year needs assessment and current five-year infrastructure plan) and the processes involved in developing the five-year plan; and
- ◆ ensure community concerns are heard and responded to.

In the years where the more extensive community consultation process is not planned, departments continue to consult with their respective stakeholders, as appropriate, but with a focus on updating their existing capital needs.

### **2. UPDATE THE 20-YEAR NEEDS ASSESSMENT:**

Each year, Departments update their 20-year capital needs assessment, to account for:

- ◆ consultation with communities;
- ◆ internal technical assessment;
- ◆ government priorities; and
- ◆ departmental priorities.

The capital needs assessment includes community capital requirements that are funded by GNWT contribution; as well as major repairs or retrofits to existing GNWT assets not included in operations funding. The needs assessment also includes subsequent years' funding requirements for multi-year projects approved as part of the 5-year capital plan in prior years.

Projects appearing in the first 5 years of the needs assessment are subjected to a categorization and priority ranking process.



## CAPITAL PLANNING PROCESS

CHAPTER: 302

ISSUE DATE: MARCH 2007

PAGE 5 OF 8

### 3. CATEGORIZATION OF 20-YEAR NEEDS ASSESSMENT:

Capital projects fall into at least one of the following groups:

a. Previously approved projects:

One or more of the following situations must exist:

- ◆ there must be subsequent years' funding for multi-year projects approved in prior years (actual work in progress);
- ◆ legal contract in place with significant penalty for cancellation;
- ◆ cost-sharing agreement in place for at least 49% of the value of the project; and/or
- ◆ specific Cabinet or FMB direction approving project.

b. Information technology (IT) projects:

IT projects are critical to Government operations. Using the current prioritization process, they would not fair well if assessed against all other needs.

In order to ensure IT systems remain efficient and effective, IT projects are given a separate allocation of capital funding. The funding level is determined based on overall level of IT need, government wide. The Inter-Departmental Policy Committee (IPC) determines which projects will be funded each year from this funding.

c. Projects under \$250,000:

Of all capital projects, approximately 50% have a total cost of between \$50,000 and \$250,000. This represents roughly 5% to 7% of the total dollar volume for capital.

Departments are allowed to distribute these "minor projects" across communities and regions. Having this minor project category eliminates the need for a complete review and ranking of smaller projects.

d. Projects over \$250,000:

This category includes major projects costing over \$250,000, exclusive of IT and previously approved projects.

These projects are subjected to a thorough review and ranking process.



## CAPITAL PLANNING PROCESS

CHAPTER: 302

ISSUE DATE: MARCH 2007

PAGE 6 OF 8

### 4. PRIORITIZATION/RANKING PROCESS – PROJECTS OVER \$250,000

Once individual departments have updated their needs assessment, they must categorize projects over \$250,000 according to “primary criteria”, from #1 to #5:

- ◆ Protection of people: Projects that alleviate health hazards or reduce risks to the public. Usually an imminent risk.
- ◆ Protection of assets: Projects that protect existing assets. System failures and existing conditions require immediate action to avoid future damage. Could result from natural disaster, fire or court order.
- ◆ Protection of the environment: Projects that reduce environmental risk.
- ◆ Financial investment: Projects that reduce the cost of service delivery; projects that create or enhance a revenue stream that recovers the project cost within 7 years.
- ◆ Program need or requirement:
  - ⇒ accommodate new programs
  - ⇒ improve service delivery
  - ⇒ maximize federal or other financial assistance
  - ⇒ meet space needs to address program expansion

After they are prioritized, a set of secondary criteria is then applied to each project within the 5 primary criteria (risk assessment). Secondary Criteria assess the following areas:

- ◆ Scale of impact – measure of direct impact if no action is taken.
- ◆ Severity of the impact - what is likely to happen.
- ◆ Urgency – how soon is action required to avoid or minimize the impact.
- ◆ Mitigation – are there actions that can be taken to reduce or delay the impact.

A separate secondary criteria table is used for each of the primary criteria, as each will have different measures of impact and severity. A 3 level scale (A,B or C) is applied to each of the secondary criteria, with each of the levels having a different weighting:

- ◆ A = 25.0%
- ◆ B = 16.7%
- ◆ C = 8.3%

A cut-off point for secondary criteria ratings is determined within each primary criterion. (e.g. a project ranking at 100% in primary criteria #2 would rank higher than say a 60% in primary # 1).

An interdepartmental Capital Planning Working Group then reviews each Department’s substantiation for their ranking, and forms a comprehensive government-wide listing of all capital projects, ranked accordingly.



## CAPITAL PLANNING PROCESS

CHAPTER: 302

ISSUE DATE: MARCH 2007

PAGE 7 OF 8

### 5. ALLOCATION OF AVAILABLE FUNDING

The FMB determines the funding level for Capital Projects when they review the Fiscal Strategy. It is also the FMB who determines:

- ◆ the portion of capital funding allocated to “previously approved projects”;
- ◆ the allocation for IT projects, based on level of IT need; and
- ◆ the allocation to fund projects under \$250,000.

Upon completion of the Government-wide Capital Plan, the Capital Planning Working Group determines the balance of available funding to be allocated to major projects over \$250,000, in order of priority ranking.

### 6. DEVELOPMENT OF 5-YEAR INFRASTRUCTURE ACQUISITION PLAN

Once the funding level for each category is determined, the Capital Planning Working Group prepares the draft 5-year infrastructure acquisition plan. The 5-year infrastructure acquisition plan consists of:

- ◆ the 5-year capital acquisition plan (capital investment expenditure appropriations); and
- ◆ infrastructure contributions (operations expenditure appropriations).

Note: *Infrastructure contributions* represent investment in capital infrastructure that becomes the property of communities.

The draft 5-year plan is submitted to the Deputies' Capital Steering Committee, comprised of the Deputy Ministers of: Public Works and Services; Transportation; Health and Social Services; Education, Culture and Employment; Justice; Environment and Natural Resources; and Industry Tourism and Investment; with the Deputy Minister of Municipal and Community Affairs and the Secretary of the FMB as co-chairs. This Committee reviews the Plan, paying particular attention to the major capital projects. They also ensure that the criteria have been applied properly and consistently, and that the draft plan makes sense. Recommendations are made to deal with anomalies.

The draft Plan goes to FMB, for review from a political perspective:

- ◆ Do the proposed projects address government priorities?
- ◆ Is there fairness in the distribution of capital investment between regions and communities?
- ◆ Are public commitments adequately addressed?



## CAPITAL PLANNING PROCESS

CHAPTER: 302

ISSUE DATE: MARCH 2007

PAGE 8 OF 8

After any changes recommended by the FMB have been made, the 5-year infrastructure acquisition plan is submitted to the Standing Committees, for review in conjunction with the Business Plans and the Main Estimates. This provides the opportunity for Committee Members to have input into the equitable distribution of capital investment, and also to question the rationale or justification for proposed projects.



## MAIN ESTIMATES - INDEX

CHAPTER: 400

ISSUE DATE: MARCH 2007

PAGE 1 OF 11

400	INDEX
401	MAIN ESTIMATES OVERVIEW
402	MAIN ESTIMATES DEVELOPMENT
403	PRESENTATION OF MAIN ESTIMATES



## MAIN ESTIMATES - OVERVIEW

CHAPTER: 401

ISSUE DATE: MARCH 2007

PAGE 2 OF 11

The Main Estimates are produced annually, to reflect the GNWT's plan of action for the upcoming fiscal year. They represent all anticipated expenditures and revenues for the fiscal year commencing April 1<sup>st</sup>, for each Department and for the Northwest Territories Housing Corporation.

The Main Estimates are important for both the planning and reporting processes in the ongoing Business Planning cycle of the GNWT. By setting out the budget as directed in Section 300 (*Budgetary Controls*) of the *Financial Administration Manual*, Departments can ensure they are achieving the financial goals established during the planning sessions.

Each Department's section of the Main Estimates reflects:

- ◆ how the department is organized (including number of active positions);
- ◆ the allocation of all expected expenditures for the delivery of the programs, as mandated in the Business Plans;
- ◆ where anticipated revenues will be received for the upcoming fiscal year;
- ◆ information on revolving funds, and on public agencies funded through contribution agreements;
- ◆ the previous year's budget, and any adjustments that occurred during that same year; and
- ◆ the actual expenditures for two years prior, for comparison.

Each Department is responsible for the development of their budget, and a minimum level of detail is necessary to meet the requirements of the Main Estimates. However, Departments may budget at more detailed levels as they see fit.

Many individuals and organizations, both from within the government and the public, are consulted during the planning and development stages of the budget process. However, the exact content of the Main Estimates is not public until tabled in the Legislative Assembly by the Minister of Finance during the Budget Session. This prevents special interest advantages being obtained through advance information on government fiscal initiatives.

A call letter from the Secretary of the FMB advises Departments of when each section of the Main Estimates is due. Departments provide their information to the Budgeting and Evaluation Division of the FMBS, where it is reviewed for uniformity, consistency of presentation and adherence to targets and guidelines. The Budget Development section of FMBS compiles and reviews the items to be included prior to the completion of the Main Estimates.

The document is reviewed by the Financial Management Board, who approves the draft Main Estimates for forwarding to the Standing Committees.



## MAIN ESTIMATES - OVERVIEW

CHAPTER: 401

ISSUE DATE: MARCH 2007

PAGE 3 OF 11

The two volumes are printed and sent to the Legislative Assembly for final review by the Committee of the Whole. The Minister of Finance presents the Main Estimates to the Legislative Assembly through the Budget Address, usually in February of each year. At the same time, the Business Plans are tabled.

The Legislative Assembly considers the Main Estimates, then formal approval is given through the *Appropriations Act*. The *Appropriations Act* is divided into two categories: Operations Expenditures (Vote 1) and Capital Investment Expenditures (Vote 2). Although the Capital Acquisition Plan section of the Main Estimates document includes a five-year plan for the GNWT, the Legislative Assembly only votes approval of the first year capital expenditures.

FMBS coordinates the input of the budget into a single government database once the Legislative Assembly approves it. Departmental data is merged into the Financial Information System database, under the control of the FMBS, and consolidated documents are prepared.

On April 1<sup>st</sup> departments are able to access and use the newly approved budget

### **Timeline of Main Estimates Development:** (normal cycle)

- ◆ Call letter for Main Estimates (October)
- ◆ Main Estimates data and text submitted to FMBS (October/November)
- ◆ FMBS completes Main Estimates document (November)
- ◆ Final Main Estimates circulated to departments for Deputy Ministers' approval (late November)
- ◆ Main Estimates submitted to FMB for approval to forward to Accountability and Oversight Committee (December)
- ◆ Accountability and Oversight Committee review of Main Estimates with the Finance Minister (January)
- ◆ Appropriation Act (February/March)
- ◆ Budget Load (March 31)



**MAIN ESTIMATES - OVERVIEW**

CHAPTER: 401

ISSUE DATE: MARCH 2007

PAGE 4 OF 11

SAMPLE MAIN ESTIMATES REPORTING SCHEDULE

VOLUME 1		VOLUME 2	
ITEM	ITEM		DUE DATE
Accounting Structure Chart Organizational Structure Chart Departmental Overview Activity Description			mid-October
Revolving Fund Information Lease Commitments – Infrastructure Work Performed on Behalf of Others			Late October
Active Positions Revenue Summary			Beginning of November
Other Information (HSS and ECE only) Summary of Grants and Contributions Program Delivery Details Activity Summary Department Summary	Activity Summaries Three year plan for each activity in the Departmental three year plan		Early to mid-November
FMBS review of departmental submissions and revisions to Main Estimates			mid-November to late November
Complete and signed-off Departmental Main Estimates			Late November
Final FMBS formatting and preparation of the Main Estimates			End of November to early December
Draft Main Estimates to FMB			mid-December
Draft Main Estimates to Legislative Assembly			mid- to late December



## MAIN ESTIMATES - DEVELOPMENT PROCESS

CHAPTER: 402

ISSUE DATE: MARCH 2007

PAGE 5 OF 11

Once the multi-year Business Plans and Infrastructure Acquisition Plan have been reviewed by the Standing Committees, departments proceed to prepare their annual estimates.

The first step in the Main Estimates development process is the issuance of a call letter by the Secretary of the Financial Management Board. The call letter is the official request sent to all Department Heads, containing the schedule and instructions for the preparation of the Main Estimates for the next fiscal year. The call letter is generally issued in October of each year, and includes:

- ◆ target sheets, indicating the level of funding for each department;
- ◆ a schedule containing the specific instructions and formats related to the completion of the Main Estimates; and,
- ◆ a listing of the due dates for different sections of the Main Estimates to be submitted to the Financial Management Board Secretariat.

Templates for the various sections are available from the Budgeting and Evaluation Division of the FMBS. The Main Estimates are divided into two volumes:

- ◆ Volume 1 – Operations Expenditures; and
- ◆ Volume 2 – Infrastructure Investment Expenditures

Details of the preparation of Volume 2 are included in Chapter 300 – Capital Planning.

**Volume 1 – Operations Expenditures** includes the proposed operating expenses and amortization for each department. Figures are provided for:

- ◆ the fiscal year currently being planned;
- ◆ the prior year's Main Estimates;
- ◆ the prior year's revised estimates; and
- ◆ actual results, as reported in the Public Accounts, from the two years prior.

Departments must provide a reconciliation worksheet to ensure the amounts to be reported in the Main Estimates agree with the Public Accounts, the prior years Supplementary Appropriations and prior years Main Estimates. The Budgeting and Evaluation staff provides assistance and support, if required, in completing the reconciliation.



## MAIN ESTIMATES - DEVELOPMENT PROCESS

CHAPTER: 402

ISSUE DATE: MARCH 2007

PAGE 6 OF 11

The following sections are included in the Operations Expenditure section of the Main Estimates:

- ◆ **Accounting Structure Chart** provides detail on how the department's financial accounts are organized.

Activities must agree with those provided in the current Business Plans, and tasks / programs under each Activity must agree to those provided in Year 1 of the current Business Plans.

Any difference between the Business Plans and the Main Estimates must be explained, and the Department must be prepared to speak to the changes when the Main Estimates are before Committee of the Whole.

- ◆ **Organizational Structure Chart** details how the department is organized, for administrative purposes. The chart includes all divisions and regions.
- ◆ **Department Overview** includes the mission and goals of the department.
- ◆ **Graphs**, which are completed by FMBS staff, illustrate the allocation of proposed expenditures to major activities, and provide a 5-year comparison of actual and proposed expenditures.
- ◆ **Department Summary** contains several schedules:
  - ◆ **Operations Expenditures Summary**

This schedule provides the total appropriation requirements by control object for the department. Control objects included are compensation and benefits; grants and contributions; other expenses; and amortization.

In response to Standing Committee requests for additional details, the "other expenses" category is broken down into the following sub-categories:

- ⇒ **Travel** – airfare, accommodations, ground transportation, meals etc. [NOTE: Air Charter costs *not* associated with duty travel (e.g. fire suppression) should be recorded under contract services.]
- ⇒ **Materials and Supplies** – office supplies, maintenance supplies, educational materials, equipments supplies etc.
- ⇒ **Purchased Services** – telecommunication costs, delivery costs, advertising, etc.
- ⇒ **Utilities**
- ⇒ **Contract Services** – janitorial/maintenance contracts, consulting, equipment leases etc.
- ⇒ **Fees and Payments** – fees, commissions, licenses, permits, chargeback costs etc.



## MAIN ESTIMATES - DEVELOPMENT PROCESS

CHAPTER: 402

ISSUE DATE: MARCH 2007

PAGE 7 OF 11

- ⇒ Other – Loss on Sale of Assets, Grant in Lieu of Taxes, Bad Debt Expenses, Write off Expenses, Price Equalization Levy Interest Expense, Furnishings, Chargeback Expense.
- ⇒ Tangible Assets - Land, Mobile and Heavy Equipment, Other Major Equipment, Roads and Bridges, Ferries, Aerodromes, Major Medical Equipment, Leasehold Improvements, Buildings.
- ⇒ Computer Hardware and Software - Computer Hardware Purchases, Computer Software Purchases, Computer Parts & Supplies, Computer Software Support, Computer Program Development, Software Licensing, Computer Hardware Support, Internet Service, Mainframe and Software Systems.

Total Operations Expenditures should be equal to the total on the target sheet provided with the Main Estimates call letter. (Subsequent target adjustments may be made by FMB, which will be incorporated as well.)

### ◆ **Active Positions – By Region**

This schedule shows the total number of positions, by category, serving the department in each of the established regions. Active positions are categorized as indeterminate full time; indeterminate part time; and seasonal.

Reconciliation between the current and prior year Main Estimates must be provided, as well as a detailed listing of the positions. The active position list should include all funded positions only.

### ◆ **Active Positions – Community Allocation**

This schedule provides the same information as the regional breakdown, but is broken down by community groupings. The positions are grouped as follows:

- ⇒ Yellowknife Headquarters,
- ⇒ Regional/Area Offices (includes Yellowknife regional offices)
- ⇒ Other Communities

### ◆ **Revenue Summary**

The Revenue Summary provides anticipated revenue for the department, and also includes prior year's information for comparison. Revenue information should be consistent with FIS coding structure.

In some instances, such as "Fees", it is necessary to provide the information at a greater level of detail than the Group Object level of the FIS coding structure, in order to provide the level of detail as in previous years.



## MAIN ESTIMATES - DEVELOPMENT PROCESS

CHAPTER: 402

ISSUE DATE: MARCH 2007

PAGE 8 OF 11

Gains on disposal of a capital asset are recorded in accordance with the tangible capital asset accounting policy.

Deferred contributions applicable to the acquisition of capital assets are included in revenue over the useful life of the asset to match the amortization period.

- ◆ **Activity Summary** provides details of each activity. The section for each activity within the department will include the following:

- ⇒ **Activity Description**

The Activity Description provides a general explanation of what the activity does, plus an explanation of each task/program within the activity.

- ⇒ **Operations Expenditure Summary**

This summary provides the appropriation requirements for the activity. The format used is the same as the full department summary. The total should agree with Year 1 of the current Business Plans, plus any subsequently approved FMB increases.

An explanation of any restatements of comparator information for any major function transfers or reorganizations must be provided.

- ⇒ **Program Delivery Details**

The appropriation is broken down to report how funding is allocated to each of the major program functions within each activity. Restatements of comparator information are also required for any major function transfers or reorganizations

- ⇒ **Grants and Contributions**

This section provides details on the proposed grants and contributions included in the required appropriation for each activity. The total amount should agree with the amount reported for Grants and Contributions in the Operations Expenditure Summary.

For Infrastructure Contributions, only a summary total is included. The detailed project listing of Infrastructure Contributions is included in Volume 2 of the Main Estimates, with the summary total being equal to the total in the detailed listing.

- ⇒ **Active Positions – by Region**

Similar to the Active Positions shown in the Department Summary, this schedule shows the total number of positions, by category, serving the activity in each of the established regions.



## MAIN ESTIMATES - DEVELOPMENT PROCESS

CHAPTER: 402

ISSUE DATE: MARCH 2007

PAGE 9 OF 11

⇒ **Active Positions – Community Allocation**

This schedule provides the same information as the regional breakdown, but is broken down by community groupings.

- ◆ **Information Items** include additional information on proposed departmental expenditures or financial activities related to various boards, agencies or revolving funds.

These sections do not necessarily apply to all departments:

⇒ **Work Performed on Behalf of Others**

The GNWT undertakes to perform certain functions, within the Northwest Territories, on the behalf of others (typically the Government of Canada). Expenditures incurred for these activities are fully recovered, and are not required to be voted on by the Legislative Assembly.

In keeping with the principle of annual legislative review and approval of Government income and spending, known third party funding sources (including a brief description of the agreement and its purpose) must be included in the Main Estimates.

⇒ **Revolving Fund Information**

The following information is included, for any revolving funds falling within a department's mandate:

- the title of the revolving fund, followed by a brief explanation of the purpose of the fund, and the authorized limit.
- the proposed financial projections, and the comparator information from the prior year's Revised Estimates, prior year's Main Estimates, and actuals for the two years prior.
- active positions funded by the revolving fund, if any, both by region and by community allocation.

⇒ **Commercial Lease Commitments**

This schedule provides a listing of lease commitments for infrastructure, exclusive of capital leases. Information is provided on the type of property, the community the property is located in, the current estimated cost for each lease, and future lease payments.

When a lease is deemed to be a capital lease, the associated asset is included in Volume II of the Main Estimates.



## MAIN ESTIMATES - DEVELOPMENT PROCESS

CHAPTER: 402

ISSUE DATE: MARCH 2007

PAGE 10 OF 11

⇒ **Health and Social Services Authorities**

The Department of Health and Social Services must provide the total active positions, by Health Authority, for the current planning year, and for the previous year for comparison. In addition, this information is provided by region and by community allocation as well.

⇒ **Education, Culture and Employment**

The Department of Education, Culture and Employment includes information on the following:

1) Detail of Funding Allocated to Education Authorities:

- For each Education Authority, information is provided on the number of funded positions and the funding allocation for the current planning year; and the same information for the previous fiscal year.
- the total active positions is also provided by region and by community allocation, for the current planning year, and for the previous year.

2) Aurora College Funding Allocation:

- A description of the college programs offered through Aurora College is included.
- A breakdown of the funding allocation to Aurora College is included, for the current planning year, and the prior year.

## MAIN ESTIMATES - PRESENTATION OF MAIN ESTIMATES

CHAPTER: 403

ISSUE DATE: MARCH 2007

PAGE 11 OF 11

### **MAIN ESTIMATES REVIEW:**

The draft Main Estimates are compiled by the Budgeting & Evaluation Division of FMBS, and forwarded to the Financial Management Board for approval. Once approved by the FMB, the draft Main Estimates are forwarded for review by the Standing Committee on Accountability and Oversight (AOC).

The Minister of Finance meets with the AOC in January to provide an overview of the Estimates, and to discuss changes that may have occurred since the Business Plans were reviewed. At the Committees' request, a full review of a Department's Estimates may be carried out, with the Minister and staff of the Department present.

Once the reviews by Standing Committee are completed, the Main Estimates are printed, in preparation for tabling and final review by the Committee of the Whole.

### **TABLING OF THE MAIN ESTIMATES IN THE LEGISLATIVE ASSEMBLY:**

Under the direction of the Minister of Finance, the Department of Finance, in collaboration with the Financial Management Board Secretariat, drafts the text of the Budget Address. The Budget Address includes an outline of current trends and anticipated developments, and identifies the government plan of action for the upcoming fiscal year.

In addition, the Address highlights or announces new tax and program initiatives, and their expected impacts on the economy and government revenues or expenditures.

Following the presentation of the Budget Address to the Legislative Assembly by the Minister of Finance, the Main Estimates are released to Members of the Legislative Assembly and the general public, once the *Appropriation Act* has been given first reading.

### **FINAL REVIEW OF THE MAIN ESTIMATES BY COMMITTEE OF THE WHOLE:**

After the Budget Address, the Main Estimates document is read in the Legislative Assembly as the Appropriation Bill, and it undergoes one final review by the Committee of the Whole (as a regular bill does). The Committee may make motions during this review to amend the bill. These motions are voted on by the Committee of the Whole, and it is important to note that Members of the Legislative Assembly may not vote in favor of the *Appropriation Act* if recommendations they feel strongly about are not incorporated. Without a majority vote, the Appropriation Bill will be defeated, and Cabinet Ministers must resign. Therefore, the FMB must consider all recommendations made by the Committee very carefully.

Once the *Appropriation Act* has been passed, departments are required to provide the detailed data and coding structure to FMBS, for entry of their budget into the Financial Information System (FIS). The transfer is completely automated, and organized so that departmental budgets are in place on April 1<sup>st</sup>.



## STANDING COMMITTEE / COMMITTEE OF THE WHOLE

CHAPTER: 500

ISSUE DATE: MARCH 2007

PAGE 1 OF 4

500	INDEX
501	OVERVIEW
502	STANDING COMMITTEE REVIEW PROCEDURES



## STANDING COMMITTEES / COMMITTEE OF THE WHOLE- OVERVIEW

CHAPTER: 501

ISSUE DATE: MARCH 2007

PAGE 2 OF 4

Meetings with Committees of the Legislative Assembly during the budget development process give Ordinary Members the opportunity to seek clarification, voice their opinions on issues, and enable them to have input into the planning process.

A listing of the Standing Committees for the current Legislative Assembly, including departments each is responsible for, can be found under "Committees" at the Legislative Assembly website (<http://www.assembly.gov.nt.ca/index.html>).

The Committees review multi-year Business Plans and budgets, as well as departmental performance. Each Committee concentrates its efforts on a different group of government departments.

Beginning in 2005, the Standing Committee on Accountability and Oversight has begun conducting pre-budget consultations in a cross-section of Northwest Territories communities. These consultations offer an opportunity for community leaders and residents to communicate their thoughts on GNWT priorities and spending to the Committee. The Committee provides a comprehensive report to the Legislative Assembly on these consultations.

The draft Business Plans, Infrastructure Acquisition Plans, and Results Reports are forwarded to Standing Committees for review, usually in September of each year. Ministers and department officials may make in-depth presentations to Committee Members, and answer questions from Members. Committees often request additional follow-up information, and prepare a formal report following the reviews, including any recommendations they may have.

Cabinet and the FMB take into consideration any recommendations for changes or amendments made by Standing Committees, and Business Plans are revised based on Cabinet and FMB direction. The revised Business Plans form the basis for preparation of detailed annual Estimates by each Department.

The Accountability and Oversight Committee meets again prior to the Main Estimates being presented to the Legislative Assembly, to review the draft Main Estimates for the upcoming year. The focus of this review is on any changes from the Business Plans to the draft Main Estimates.



## STANDING COMMITTEES / COMMITTEE OF THE WHOLE REVIEW PROCEDURES

CHAPTER: 502

ISSUE DATE: MARCH 2007

PAGE 3 OF 4

FMB Analysts attend the Standing Committee reviews of Departmental Business Plans, to serve as the FMBS liaison. During these reviews, Committees often request additional information or present questions to Departments that require follow-up action. As a formal report is prepared by Committees following the reviews, any follow-up information requests must be provided to the Committees as soon as possible.

### **Procedures for Responding to Standing Committee Requests for Further Information:**

The procedure for providing the responses to requests arising from Standing Committees reviews is as follows:

1. Upon completion of the review, the FMB Analyst and the Legislative Assembly Researcher jointly review and agree on information requests by the Standing Committee and the list of commitments the department has made.
2. Once agreed upon, the FMB Analyst emails the confirmed list of commitments to the departmental Director of Finance/Corporate Services. The listing is also copied to the departmental Deputy Minister; the Director of Budgeting & Evaluation (FMBS), the Executive Assistant to the Chairman of the FMB; and the Executive Assistant to the Minister responsible for the department.

(Note: In Departments where the Finance/Corporate Services Division does not coordinate this information, the Department can inform their FMB Analyst of the appropriate department official to be advised.)

3. The Department drafts the response, and a transmittal letter from their Minister to the appropriate Committee Chair. The letter should be copied to the Deputy Minister, the Clerk of the Legislative Assembly, the appropriate Committee Clerk, the Chairman of the FMB and the Secretary to the FMB.
4. The draft letter and information being provided in response to the Standing Committee request are forwarded to the Director of Budgeting and Evaluation, FMBS. FMBS, after review of the response, will forward the draft letter and information to the Executive Assistant to the Chairman of the FMB.
5. The Chairman's Executive Assistant will arrange with the respective Minister's Executive Assistant to have the letter finalized and forwarded, with all required information, to the Standing Committee Chair.
6. In recent years, the Chairman of the FMB has committed to providing information to the Committee Chair no later than 5 working days after the department has appeared before the Committee.

If some items require more time to compile, the available information should be supplied by the 5-day deadline and the transmittal letter should indicate that the outstanding item(s) will be provided subsequently (the same procedure, as above, will be followed for transmittal of late information).



## STANDING COMMITTEES / COMMITTEE OF THE WHOLE REVIEW PROCEDURES

CHAPTER: 502

ISSUE DATE: MARCH 2007

PAGE 4 OF 4

After Committees have reviewed the Business Plans, they prepare reports on their reviews. Departments that fall under the Committee's mandate are given a copy of the report, which includes specific recommendations on issues the Committees noted during their reviews. These recommendations require a response from the Government.

### **Procedures for Responding to Standing Committee Reports:**

The procedure for follow-up to the reports is as follows:

1. The Budgeting & Evaluation Division, FMBS, reviews the Standing Committee Reports, and a comprehensive listing of the recommendations is compiled.
2. The Secretary of the FMB forwards the list of recommendations requiring responses to all Deputy Ministers, noting a due date for responses.
3. Responses are prepared by the Department and forwarded, with a covering letter from the Deputy Minister, to the Secretary of the FMB.
4. Recommendations and departmental responses are incorporated into one single response by FMBS. This document is placed on the next FMB agenda, for review.
5. Once FMB has approved the response, it is forwarded, along with a transmittal letter from the Chairman of the FMB, to the appropriate Committee Chair. Copies are also sent to the Clerk of the Legislative Assembly, Secretary to FMB and all Deputy Ministers.



**SUPPLEMENTARY APPROPRIATIONS – INDEX**

CHAPTER: 600

ISSUE DATE: MARCH 2007

PAGE 1 OF 2

600	INDEX
601	OVERVIEW



## SUPPLEMENTARY APPROPRIATIONS OVERVIEW

CHAPTER: 601

ISSUE DATE: MARCH 2007

PAGE 2 OF 2

The Government requires Legislative Assembly's approval for appropriations of public money necessary to defray the expenses of Government. This approval is obtained primarily through the annual *Appropriation Act*. During the course of any given year, increases may be required to a Department's appropriation. This is accomplished by way of Supplementary Appropriations.

Annually, the Government sets aside a reserve for these types of occurrences and includes this "supplementary reserve" in the fiscal forecast in the Main Estimates. Departments submit requests for additional funding to the Financial Management Board (FMB); if approved by the FMB, the request is included to go forward in the next Supplementary Appropriation Bill.

The Minister of Finance presents a Supplementary Appropriation Bill to the Legislative Assembly during regular sittings of the House, typically three times annually. The components of the Supplementary Appropriation Bill have previously been approved by the FMB through departmental submissions. The Bill includes details of the additional funding requested by Departments, and the Minister of Finance must answer any questions related to the Bill and its contents, posed by the Committee of the Whole.

The FMBS prepares Briefing Notes on all approved supplementary funding requests, for use by the Minister of Finance when the Supplementary Appropriation Bill is presented, initially to the Accountability and Oversight Committee, and to the Committee of the Whole. This is why FMB Analysts often return to the Department for additional information on a submission after it has already been approved by the FMB. Also, there may have been further developments in the situation or the status may have changed in the time between FMB approval and consideration of the Supplementary Appropriation Bill. The Minister of Finance must be fully prepared to answer questions in the Legislative Assembly.

Only after approval of the Supplementary Appropriation Bill by the Legislative Assembly, can the supplementary funding be entered into the Financial Information System, for use by the Department.



# **FMB MEETINGS**

CHAPTER: 700

ISSUE DATE: MARCH 2007

PAGE 1 OF 12

700	INDEX
701	OVERVIEW
702	SUBMISSIONS
703	JOINT CABINET/FMB SUBMISSIONS
704	SPECIAL WARRANTS
705	CHAIRMAN'S LIST
706	INFORMATION ITEMS



# **FMB MEETINGS - OVERVIEW**

CHAPTER: 701

ISSUE DATE: MARCH 2007

PAGE 2 OF 12

## **FMB AGENDA AND MEETING PROCEDURES**

Financial Management Board (FMB or Board) meetings are held on a regular basis, usually following a Cabinet meeting. This generally occurs on Thursday mornings when the Legislative Assembly is sitting and when the Legislative Assembly is not in session, the Board meets at least twice a month.

In order to be placed on the FMB agenda, items must be formally submitted to the Chairman of the FMB in writing, with a signed transmittal letter from the submitting Minister. The Chairman determines which items will be included on the final agenda. The agenda for a Financial Management Board meeting is set approximately one week prior to the meeting by the Chairman of the FMB, in consultation with the Secretary of the FMB.

The FMB Agenda and meeting package, including all Information Items and submissions with assessments, are circulated to Members approximately three days before the meeting. After the package has circulated, FMB Analysts send copies of their assessment reports (also called “pinks” as they are copied on pink paper when circulated) to the Deputy Ministers and Directors of Finance of the submitting departments.

When FMB has provided direction on a department’s submission, FMBS staff will advise the department of the result as soon as possible.

Minutes are prepared to document decisions made at FMB meetings, and a Record of Decision (ROD) is issued for each item the FMB has considered. The ROD is signed by the Secretary of the FMB and the Chairman. One copy of the ROD is forwarded to both the Minister and the Deputy Minister on non-photo-copy paper. Records of Decision are confidential Executive Council documents and are not to be circulated, or quoted. Departments should also avoid referring to ROD numbers except in submissions to FMB or Cabinet Submissions.

The Commissioner must approve Special Warrants, and Records of Recommendation are prepared for Special Warrant Decisions. Once signed, these are also circulated in the same manner as the FMB ROD.

FMB decisions are effective from the date of the meeting at which direction was given, regardless of when the Record of Decision is signed by the Chairman. However, although FMB may have approved a funding request in the ROD, Departments may not access these funds until the funding has been approved in a Supplementary Appropriation Act, during the next sitting of the Legislative Assembly.

Special Warrants are effective from the date on which the Commissioner signs the Record of Recommendation, thereby approving the Special Warrant. Departments may access funds once the Commissioner approves the Special Warrant



## FMB MEETINGS - SUBMISSIONS

CHAPTER: 702

ISSUE DATE: MARCH 2007

PAGE 3 OF 12

All matters of financial management and administration that are beyond the delegated authority of Ministers or Deputy Ministers must be referred to the Financial Management Board. These matters are generally dealt with through FMB submissions (see submission format instructions at the end of this section). The *Financial Administration Act* (FAA) provides further clarification.

Original submissions must be signed and approved by the Minister(s) and Deputy Minister(s) responsible. A transmittal letter, addressed to the Chairman of the FMB, is forwarded with the original copy of the submission to the Chairman's office. At the same time, a copy of the letter, along with 22 unstapled copies of the submission, are forwarded to the Director, Budgeting and Evaluation, FMBS.

For items to be included on the FMB agenda, departmental submissions must be *received* by FMBS a minimum of ten working days prior to the FMB meeting. This allows the FMB Analysts sufficient time for review of the submission, consultation with the originating and/or affected departments, and preparation of recommendations for FMB consideration. There is more flexibility for Information Items that do not require assessment, or when FMB Analysts have had the opportunity to review and comment on previously supplied drafts. However, the Chairman makes the ultimate decision about what items are placed on the agenda.

The most common submissions are:

- a. requests for supplementary funding (includes transfers between vote or item appropriations);
- b. future year target adjustments;
- c. Special Warrants;
- d. FMB direction in areas of policy pursuant to the FAA or the Public Service Act, or delegated by Cabinet to the FMB;
- e. major program re-designs or organizational design initiatives;
- f. major initiatives/policy shifts with financial implications;
- g. proposed amendments to the *Financial Administration Manual* (FAM) or the Human Resource Manual;
- h. financial status reports; and
- i. approval of guarantees and indemnities

Other issues requiring FMB approval can be found in the *FAA* or in the *FAM*.

The FMB has delegated many authorities to Ministers that previously required FMB approval. (Section 1100 provides details on delegated authorities.)

The request must contain complete and sufficient details to enable a full and comprehensive analysis by the FMBS Analysts, including full financial details, and explanation of issues referenced in the submission. Departments should include results of consultations undertaken in preparation of the submission.



# FMB MEETINGS - SUBMISSIONS

CHAPTER: 702

ISSUE DATE: MARCH 2007

PAGE 4 OF 12

Target adjustments should be clearly identified as either one-time or ongoing. A table outlining the original budget, the proposed revision, and the revised total for each fiscal year should be provided.

## **ASSESSMENT PROCEDURES**

When submissions are received by the Director, Budgeting and Evaluation Division, copies are distributed to the Analyst assigned to the submitting Department. Departmental staff are encouraged to contact the FMB Analyst assigned to their Department prior to transmitting the final submission. Forwarding an electronic draft submission provides FMB Analysts the opportunity to discuss any issues, provide additional information or make changes before the submission has been finalized and signed by the responsible Minister. This step can help ensure the assessment is brief and straightforward and the recommendation is based on a collaborative effort.

Many factors are considered by FMBS when preparing an assessment, including:

- ◆ previous Cabinet/FMB direction;
- ◆ anticipated results/outcomes identified and quantified;
- ◆ consistency with legislation/regulations/policies/Cabinet direction;
- ◆ consultation -other departments, communities, stakeholders, etc.;
- ◆ Main Estimates, Budget Speech, Government and Departmental Business Plan;
- ◆ Formula Financing implications;
- ◆ Legislative Assembly and Standing Committee recommendations;
- ◆ Land Claim/Self Government implications;
- ◆ Legal issues;
- ◆ Labour relations issues; and
- ◆ Special Warrant Criteria.



## FMB MEETINGS - SUBMISSIONS FORMAT INSTRUCTIONS

CHAPTER: 702

ISSUE DATE: MARCH 2007

PAGE 5 OF 12

### FINANCIAL MANAGEMENT BOARD SUBMISSION

**TITLE:**

**DEPARTMENT(S):**

**ACTIVITY:**

**DOLLARS:**

**VOTE:**

**FISCAL YEAR(S):**

**FUNDING SOURCE:**

**PROBLEM/PURPOSE:**

A concise statement of the issue or initiative requiring FMB consideration.

**BACKGROUND/SUBSTANTIATION:**

A summary of the events have led to the need to seek FMB direction.

**PROPOSAL SUMMARY:**

Describe the recommended course of action; include financial disposition.

**FACTORS:**

- ◆ Financial - include Activity and Financial Impact
- ◆ Political
- ◆ Anticipated results and measures
- ◆ Consultation
- ◆ Impact to affected groups
- ◆ Interdepartmental
- ◆ Legal
- ◆ Public relations
- ◆ Labour relations
- ◆ Other

**RECOMMENDED DECISION:**

State the recommended decision(s) for which FMB approval is sought. The language used should be as close as possible to what the department would like to see expressed in the Record of Decision (ROD). (Consult your FMB Analyst for assistance with wording, if necessary).

\_\_\_\_\_  
Deputy Minister

\_\_\_\_\_  
Minister

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



## FMB MEETINGS - SUBMISSIONS FORMAT INSTRUCTIONS

CHAPTER: 702

ISSUE DATE: MARCH 2007

PAGE 6 OF 12

### 1. PROBLEM/PURPOSE

A concise statement of the *specific* problem or issue that requires FMB consideration.

Tips:

- ◆ FMB needs to know immediately why an issue is being brought before them. Focus on the *specific* problem and don't confuse the problem statement with the background. For example, low literacy rates in the NWT is certainly a problem, but the *specific problem* may be that government does not have an up to date, comprehensive, interdepartmental approach to address literacy.
- ◆ The problem statement should be directly linked to the recommendations, but should not attempt to incorporate the recommended course of action.
- ◆ Central agencies assess the recommendations against the problem statement.
- ◆ The fact that FMB direction is required to do something *is not* a problem.

### 2. BACKGROUND

A summary of events and circumstances that have led to the need to seek FMB consideration.

Tips:

- ◆ An appendix providing additional history, data, and facts and figures is always an option.
- ◆ Reference any previous Cabinet or FMB direction that might be relevant.
- ◆ Introduce any specific facts or problems that have influenced the recommended action (e.g., research findings, legislative impediments, and previous commitments).
- ◆ Don't confuse background with proposal summary.

### 3. PROPOSAL SUMMARY

Describe the recommended course of action; include financial disposition.

Tips:

- ◆ If properly written, the problem statement and background should provide sufficient context for the proposal summary. The summary need not repeat information provided under previous sections.
- ◆ The proposal summary should be complete, but it is a summary. Recommendations, on the other hand, should be specific.
- ◆ This is the section to summarize arguments (i.e., how the recommendations address or resolve the problem).

## FMB MEETINGS - SUBMISSIONS FORMAT INSTRUCTIONS

CHAPTER: 702

ISSUE DATE: MARCH 2007

PAGE 7 OF 12

### 4. FACTORS

Identify any major factors that should be considered. The most common headings are:

- ◆ Financial
- ◆ Political
- ◆ Anticipated results and measures
- ◆ Consultation
- ◆ Impact to affected groups
- ◆ Interdepartmental
- ◆ Legal
- ◆ Public relations
- ◆ Labour relations

#### Tips:

- ◆ It can be helpful if these factors are listed if only to indicate that there are no implications (e.g., “there are no legal implications associated with the proposed recommendations”, or “associated costs will be addressed through current departmental budget allocations”).
- ◆ Departments are free to include any other “factors” thought necessary.
- ◆ The factors section should not present arguments - just simple statements of fact or anticipated reactions or events.
- ◆ Unnecessary details should be avoided; it is not necessary to repeat, in detail, information provided in the proceeding sections.
- ◆ Don’t confuse this section with the preceding Background and Proposal Summary sections.
- ◆ As a general rule of thumb, consultation with affected departments on program delivery, mandates, coordination, etc. is best addressed under interdepartmental factors.

### 5. RECOMMENDED DECISION

- ◆ *Be specific.* If the department is not specific it is left to the central agency to guess at what specific direction is being sought. The language used should be as close as possible to what the department would like to see expressed in the Record of Decision. (Consult your FMB Analyst for assistance with wording, if necessary.)
- ◆ Do not offer a recommendation that simply references an approach outlined in the paper (e.g., direct the Minister to proceed as outlined above).
- ◆ Be complete. FMB does not just “approve submissions”, it issues directions based on the Minister’s recommendations.
- ◆ Ensure that the recommendation addresses the problem statement and is consistent with the proposal summary.



## FMB MEETINGS - JOINT CABINET/FMB SUBMISSIONS

CHAPTER: 703

ISSUE DATE: MARCH 2007

PAGE 8 OF 12

Cabinet and FMB have specific authorities and responsibilities assigned through legislation, policy and directives. At times, issues arise that require direction from both Cabinet and FMB. In these instances a joint Cabinet/FMB submission may be appropriate.

### 1. A joint Cabinet/FMB Submission is necessary when:

- ◆ the submission addresses significant and inter-related policy, financial, organizational or human resource issues;
- ◆ an initiative requires the approval authority of both Cabinet and FMB as established in legislation, Cabinet approved policy or FMB directive;
- ◆ a submission requires *immediate* direction from both Cabinet and FMB and the submission contains sufficient information for both Cabinet and FMB to make an informed decision; or
- ◆ the submission is prepared in response to earlier Cabinet or FMB direction to return to both Cabinet and FMB.

If the Department judges it more appropriate to make two separate submissions, each submission must reference that there is a concurrent FMB or Cabinet submission.

### 2. The joint submission format is similar to FMB-only submissions with the following exceptions:

- ◆ the submission should be clearly identified as a “Joint Cabinet/Financial Management Board” submission;
- ◆ the Recommended Decision for the submission should state a recommended decision(s) for FMB approval, as well as a recommended decision for which Cabinet approval is being sought; and
- ◆ two original signed copies of the submission must be made for transmittal to the FMB and Cabinet.

### 3. Transmittal of submissions is as follows:

- ◆ **To the FMB:** One original submission, under the cover of a transmittal letter from the sponsoring Department’s Minister to the Chairman of the FMB and copied to the Secretary of the FMB, is sent to the Chairman of the FMB. A copy of the transmittal letter, along with 22 unstapled copies, is concurrently forwarded to the Director of Budgeting & Evaluation.
- ◆ **To Cabinet:** Cabinet also receives an original submission, as well as the appropriate number of copies, as required by Cabinet Secretariat. (Please contact Cabinet Secretariat for details on submission requirements.)

Again, joint submissions are transmitted under the Minister’s signature and the deadline is ten working days before the next meeting.



## FMB MEETINGS - JOINT CABINET/FMB SUBMISSIONS

CHAPTER: 703

ISSUE DATE: MARCH 2007

PAGE 9 OF 12

#### **4. Processing Joint Submissions:**

FMB Analysts and Cabinet Policy Advisors work collaboratively and develop a joint assessment that is signed by both the Secretary to Cabinet and the Secretary of the FMB.

Records of Decision are prepared as appropriate, reflecting the mandate and authority of Cabinet and FMB, with reference to the other body's ROD.



## FMB MEETINGS - SPECIAL WARRANTS

CHAPTER: 704

ISSUE DATE: MARCH 2007

PAGE 10 OF 12

In emergency situations, the FMB may recommend that the Commissioner approve a Special Warrant. Upon the Commissioner's approval, a Special Warrant gives a Department immediate spending authority, enabling it to respond quickly to an urgent, unforeseen event.

Special Warrants are effective from the date on which the Commissioner signs the Record of Recommendation, thereby approving the Special Warrant. Departments may access funds once the Commissioner approves the Special Warrant.

The *Financial Administration Act, Section 33* outlines criteria for Special Warrants. Special Warrants will only be considered when the Legislative Assembly is not in session. To qualify, the expenditure must be urgently required, it must be in the public interest and there must be insufficient appropriation to incur the expenditure. If approved by the FMB, a recommendation is sent to the Commissioner, and the Commissioner may issue the Special Warrant authorizing the expenditure.

According to Financial Administration Manual Directive 303 - Special Warrants, an expenditure that is urgently required will have one or more of the following attributes:

- ◆ required to respond to a public emergency where the health and safety of NWT residents, wildlife, assets or environment is at risk;
- ◆ where an unforeseen action or event has occurred which requires immediate action to enable the continued delivery of essential GNWT programs;
- ◆ where, due to legal action, a judgment has been made against the GNWT to which an immediate response is required, or it is in the public's best interest to settle the dispute on an immediate basis;
- ◆ to meet statutory or contractual obligations where a delay in making the expenditure would result in significant punitive action against the GNWT;
- ◆ to address contractual or financial commitments where a delay would result in additional and significant costs or delays in ongoing capital projects (e.g. capital carryovers);
- ◆ to meet formal obligations under approved GNWT policy directives where the expenditure was unforeseen and could not have been planned for; and/or
- ◆ there is no reasonable means to mitigate or avoid a response to the urgent situation.

To request a Special Warrant, a Department must prepare a submission providing the same information required for a regular submission. In addition, it must fully substantiate the need for a Special Warrant (i.e. how the request meets each of the criteria, as directed in the *FAA, S.33* and *FAM 303*.) An assessment is completed by the FMBS. Once approved by the FMB, the Special Warrant is sent to the Commissioner for approval.

The Special Warrant will be included in a subsequent *Supplementary Appropriation Act*; however, unlike all other supplementary appropriation approvals, the Department has the authority to spend the funding approved by Special Warrant before the Act is passed by the Legislative Assembly.



# **FMB MEETINGS - CHAIRMAN'S LIST**

CHAPTER: 705

ISSUE DATE: MARCH 2007

PAGE 11 OF 12

The FMB has delegated authority to the Chairman of the FMB to approve routine and/or administrative submissions. These may include submissions that are brought forward to comply with previous Board direction and where the Board has authorized the Chairman to make a final decision; or adjustments required to correct oversights in previous submissions.

As the Chairman of the FMB has already approved these submissions, they are included on the FMB Agenda for information purposes only.



# **FMB MEETINGS - INFORMATION ITEMS**

CHAPTER: 706

ISSUE DATE: MARCH 2007

PAGE 12 OF 12

Information Items are generally provided in response to previous Board direction, or to update FMB on a departmental initiative. Usually, there is no decision required by the Board; however, the Secretary of the FMB may determine that an assessment is required, and the Chairman may choose to make a recommendation on an Information Item.

Information Items are submitted in the same way as Submissions with the exception that Information Items must be received by FMBS 5 working days prior to the FMB meeting it is intended to be considered at. Information Items should be clearly indicated as such. For those Information Items that are in response to previous FMB direction, the FMB decision should be briefly summarized and referenced. A sample Information Item is shown below:

<b>FINANCIAL MANAGEMENT BOARD</b>	
<b>INFORMATION ITEM</b>	
<b>TITLE:</b>	<b>SAMPLE SAMPLE</b>
<b>DEPARTMENT(S):</b>	
<b><u>BACKGROUND/PURPOSE:</u></b>	
Please include reference where information item is in response to a previous FMB/Cabinet direction	
<b><u>INFORMATION SUMMARY:</u></b>	
Additional sub-headings may be added as required, to improve clarity of item and depending on the purpose of the information item.	
_____	_____
Deputy Minister	Minister
_____	_____
Date	Date



# **REPORTING REQUIREMENTS**

CHAPTER: 800

ISSUE DATE: MARCH 2007

PAGE 1 OF 1

**UNDER DEVELOPMENT**



# **ACCOUNTABILITY – INDEX**

CHAPTER: 900

ISSUE DATE: MARCH 2007

PAGE 1 OF 20

- 900 INDEX
- 901 OVERVIEW
- 902 RESULTS REPORT
- 903 THIRD-PARTY ACCOUNTABILITY FRAMEWORK
- 904 PROGRAM EVALUATION & PERFORMANCE MONITORING POLICY



# ACCOUNTABILITY - OVERVIEW

CHAPTER: 901

ISSUE DATE: MARCH 2007

PAGE 2 OF 20

The Government of the Northwest Territories (GNWT) engages in government wide planning and reporting exercises annually. Every department engages in multi-year Business Planning to document high level goals and outcomes. The Results Report was designed as part of the GNWT Business Planning cycle as a mechanism to report on the goals and outcomes of the government (in the Business Plan) and to account for the use of public resources. Having the Results Report in place is meant to enhance the transparency and accountability of the GNWT. This is consistent with the broad movement internationally towards better accountability for government spending through an increase focus on results measurement.

Following is an approximate timetable for the Results Reporting process in a typical year.

<b>Approximate Timeframe</b>	<b>Description</b>
Early April	Call letter for Results Report sent to Departments
Early July	First Draft of Results Report due to FMBS
August	Results Report finalized and printed
October	Results Reports tabled in the Legislative Assembly

## ACCOUNTABILITY - RESULTS REPORT

CHAPTER: 902

ISSUE DATE: MARCH 2007

PAGE 3 OF 20

### SECTION DETAIL

The Budgeting & Evaluation Division provides departments with the required format and guidelines when the call letter is sent out. Information and formats required for the Results Report may change from year to year – it is important to review all the information provided in the call letter. The purpose of the Results Reporting process is to report on the outcomes and measures outlined in the previous year's Business Plan, therefore, if the Business Plans change, the Results Report must also reflect those changes.

Most recently the information has been organized according to the following subject areas.

#### General Outline

- ◆ Message from the Minister
- ◆ Mission and Vision
- ◆ Goals
- ◆ Highlights and Challenges
- ◆ Major Studies, Reviews, Reports & Evaluations
- ◆ Performance and Results
  - ⇒ Core Business
  - ⇒ Outcome & measures
  - ⇒ Results & discussion
  - ⇒ For further information
  - ⇒ Data source

#### MESSAGE FROM THE MINISTER

This is where the Minister has the opportunity to briefly discuss work the Department has done for the past year. They may wish to highlight items that they are proud of, to thank partners and staff, or to impart something motivational to the readers. The message is intended to be brief – it must not be longer one letter page.

#### MISSION AND VISION

This is a concise statement outlining the Department's overall responsibility as defined by the establishment policy. A mission statement describes:

- ◆ “what” an organization does (functions, products, and services);
- ◆ “who” it supports (customers and clients);
- ◆ “how” it is accomplished (the activities, technology, methods and processes).



## ACCOUNTABILITY - RESULTS REPORT

CHAPTER: 902

ISSUE DATE: MARCH 2007

PAGE 4 OF 20

A vision statement describes:

- ◆ a broad societal overview of how the department envisions carrying out its mandate
- ◆ the department's vision should guide its mission statement

The mission and vision should be no longer than a paragraph each, and is not a re-statement of each of the core business areas of the department.

### **GOALS**

All of the department's goals should be listed in one place (in previous years the goals were embedded in the performance and results section).

### **HIGHLIGHTS AND CHALLENGES**

This is where departments can highlight the activities and progress achieved during the year. It is also a good opportunity to explain any major challenges that impeded the department's ability to make progress towards its goals and objectives. This section should be no longer than 2 pages.

### **MAJOR STUDIES, REVIEWS, REPORTS & EVALUATIONS**

A number of departments produce high quality reports that get little or no exposure to the public. In addition, other jurisdictions and professional groups in Canada are often on the look out for best practices for comparison purposes. A listing of major reports and studies would help to disseminate information and highlight some of the major work undertaken by the departments.



# ACCOUNTABILITY - RESULTS REPORT

CHAPTER: 902

ISSUE DATE: MARCH 2007

PAGE 5 OF 20

## PERFORMANCE AND RESULTS

### CORE BUSINESS

These are the main business areas and basic programs and services of a department; they should be in line with the department's mandate.

### OUTCOMES

An outcome is the expected result (or results) stemming from government action. Outcomes should be more specific in nature than the goals, and can be measured. Where the goals are very broad, it is difficult for the department to measure their contribution toward them. The outcome focuses the expected result into an area where the department has influence. While it is difficult to prove attribution, (i.e. it was the government's action that caused the change) when the department reports on its success, there will be more credibility if the outcome has a direct connection to the work that the department undertakes.

### MEASURES

A measure provides information on performance or activities involved in working towards the desired goals and outcomes of a program. There are many types of performance measures i.e.: input measures, process measures, output measures, outcome measures or efficiency measures to name a few. Targets, benchmarks or standards can be used to capture the status of the outcome, or progress toward the outcome.

### RESULTS & DISCUSSION

This section should be 1-2 paragraphs on the results or outcomes achieved. Some of this information may need an explanation as to why the results are significant, or what the data actually means. This would be the section where departments may explain why the intended results weren't achieved.

### For Further Information

Include links to websites, contacts, or more detailed internal reports that the department feels would enhance their results.

### DATA SOURCE

Be specific about where the data was collected (at the very least which division/program area it came from).



## THIRD PARTY ACCOUNTABILITY FRAMEWORK

CHAPTER: 903

ISSUE DATE: MARCH 2007

PAGE 6 OF 20

As the challenge of financing public programs and services increases, the need to concurrently raise the level of accountability for the effective use of public funds becomes more acute. The means of delivering public programs and services is evolving and the environment within which accountability must be achieved is becoming more complex. These factors demand formulation of a very clear accountability framework for both Government departments and “third party” agencies employed in the delivery of public programs and services. This document addresses the accountability framework applicable to third party program delivery agents. Departments will use the following chart to determine the accountability requirements for their third party agencies.

The following tables present the criteria for determining the level of accountability for third parties. Table 1 describes the criteria within three key areas of impact: political risk; financial risk; and results risk (results risk refers to the potential impact of third party performance on the ability of the government to achieve its goals and objectives or desired results). The magnitude of the potential impact in each of these key areas is graded as high, medium or low.

Once the level of risk has been graded as high, medium or low on each within the three areas of impact (political, financial and results), table 2 converts the corresponding values into points. Depending on the point value assigned, the third party agency is assigned to category 1,2 or 3. The level of accountability is determined by which category a third party agency is determined to fall within.

### IMPACT ASSESSMENT:

POLITICAL	
High	High degree of community and political interest in subject matter. Would have the ability to enhance or diminish public confidence in government and the Legislature. Public opinion would have a significant effect on NWT political stability.
Medium	There is community interest in subject matter. Would have some ability to enhance or diminish public confidence in government.
Low	Interest in subject matter is mostly confined to lobby groups or specific and specialized advocates and clientele. Would have limited ability to enhance or diminish public confidence in government.



**THIRD PARTY ACCOUNTABILITY FRAMEWORK**

CHAPTER: 903

ISSUE DATE: MARCH 2007

PAGE 7 OF 20

<b>FINANCIAL</b>	
High	Substantial GNWT financial resources are assigned to the organization, with significant budgetary implications, which could impact the fiscal stability of the GNWT.
Medium	Considerable GNWT financial resources are assigned to the organization, but with lower budgetary implications i.e.: GNWT could recover from the loss of the financial investment in the organization.
Low	Financial risk and exposure are low.
<b>RESULTS</b>	
High	The organization's activities are critical to the GNWT in fulfilling its mandate. They work in tandem with GNWT goals.
Medium	The organization's activities are important but not critical to the GNWT in accomplishing its mandate. Tend to complement rather than fulfill legislated activities.
Low	The organization's activities are important to specific groups in the community but not considered a significant part of the greater public interest.

**ACCOUNTABILITY POINTS**

	<b>HIGH</b>	<b>MEDIUM</b>	<b>LOW</b>
Political	5	3	1
Financial	5	3	1
Results	5	3	1
Total	15	9	3

**POINTS ASSIGNMENT**

- Category 1                    12-15 points
- Category 2                    8-11 points
- Category 3                    Under 7



## THIRD PARTY ACCOUNTABILITY FRAMEWORK

CHAPTER: 903

ISSUE DATE: MARCH 2007

PAGE 8 OF 20

### DESCRIPTION OF ORGANIZATION

#### **Category 1: Major service delivery bodies and commercial crown corporations.**

Bodies in this category have advanced financial and operational reporting systems and adequate human and physical resources to capture, analyze and communicate performance plans and results information to government. Typically, these organizations have operating and financial plans (budgets) in place, although not all have fully developed strategic plans. There tends to be significant public interest in decisions of these types of public bodies and potential financial and political impacts are high. They deal mostly with activities that are required by law. I.e. health boards of management, education authorities.

#### **Category 2: Other service delivery and commercial Crown corporations.**

Agencies in this category are similar to those in Category 1 in that their activities are ongoing and closely tied to government's mandate. However, the majority of these organizations do not have large corporate or administrative structures. Public interest in these types of entities tends to be localized or moderate, depending on the subject at hand. Examples include housing authorities, legal services board.

#### **Category 3: Quasi-judicial, advisory and some service delivery bodies.**

Bodies in this category include all remaining agencies. Entities in this group have a much narrower scope of responsibilities than those in Categories 1 and 2. typically, these bodies exist for specific purposes (i.e. to enforce legislation) and operate with limited budgets. Generally, the extent of their operations is limited. Entities in this category typically receive little funding aside from members' expense reimbursement, or they work under fee-for-service arrangements. In this category fiscal impacts are low, as is the risk of significant public reaction to decisions. Examples include the trade certification board, arctic tourism board.

### **Application and the Accountability Cycle**

Major planning and reporting exercises take place each year. In order to capture the intent of accountability over the course of a year, accountability requirements for each category of third party have been assigned to a particular stage of the cycle.

## THIRD PARTY ACCOUNTABILITY FRAMEWORK

CHAPTER: 903

ISSUE DATE: MARCH 2007

PAGE 9 OF 20

### CATEGORY I

#### Planning

1. Two-way mandatory strategic planning/consultation with sponsoring department
  - ◆ Vision, mission, goals, strategies, issues and measures and/or targets
  - ◆ Performance information to be incorporated in the plans
2. Multi-year Business Plan and Estimates which will include:
  - ◆ Strategic planning in consultation with GNWT
  - ◆ Capital investments
  - ◆ Operating budget
  - ◆ Substantiation for budget requirements
  - ◆ Planning cycle integrated with GNWT planning cycle but not necessarily performed sequentially
3. Multi-year funding plans would be three year plans, updated once a year
4. Mandatory Budget consultation with department
5. All new major proposals to include program planning criteria (where applicable)
6. All significant GNWT policies and Financial Administrative Directives are applicable at least to the extent of the spirit and intent of the policy.

#### Monitoring & Evaluation

- ◆ Cyclical evaluation for all programs
- ◆ Development of global performance measures
- ◆ Value for money/ compliance audits on all major programs

#### Reporting & Feedback

1. Annual Report including:
  - ◆ Audited financial statements
  - ◆ Findings of major reviews and evaluations
  - ◆ Evidence of public participation (where appropriate)
  - ◆ Evidence of successful performance through measures and goal achievement (results reports)
2. Regular, periodic, financial reporting to department during the year

Note: It will be the GNWT's responsibility to provide a written response to organizations within 90 days of receiving the year-end report.



## THIRD PARTY ACCOUNTABILITY FRAMEWORK

CHAPTER: 903

ISSUE DATE: MARCH 2007

PAGE 10 OF 20

### CATEGORY 2

#### Planning

I. Annual Budget and Forecasts

- ◆ Mandatory budget consultations with department
- ◆ Budget allocation to both operations and capital investments
- ◆ New proposals for funding will include an elementary evaluation framework
- ◆ Planning cycle integrated with GNWT planning cycle but not necessarily performed sequentially

#### Monitoring & Evaluation

- ◆ Department has the authority to specify evaluation and monitoring requirements
- ◆ Department has the authority to review operations as deemed necessary

#### Reporting & feedback

I. Annual report including:

- ◆ Highlights of major reviews and evaluations
- ◆ Evidence of successful performance through measures, goal achievement, and dollars spent in achieving results
- ◆ Audited financial statements

Note: It will be the GNWT's responsibility to provide a written response to organizations within 90 days of receiving the year-end report.



## THIRD PARTY ACCOUNTABILITY FRAMEWORK

CHAPTER: 903

ISSUE DATE: MARCH 2007

PAGE 11 OF 20

### CATEGORY 3

#### Planning

- ◆ Annual funding request or application if funding is provided on a year by year basis
- ◆ Providing information on proposed actions and how the funding will be spent
- ◆ Letter of intent to continue provision of services if funding is provided on a multi-year basis
- ◆ All requests will be accompanied with an accounting of previous funds received from the sponsoring agency
- ◆ Proposals to the GNWT for funds will include an elementary evaluation framework
- ◆ Requirements for evaluation and accountability for provision of funding will be written into contribution agreements/contracts

#### Reporting & feedback

- ◆ Content for annual program reports will be negotiated between the department and third party and will be written into contribution /contract agreements
- ◆ They will provide an accounting of the previous years funding from the department
- ◆ Department will provide feedback where appropriate



## PROGRAM EVALUATION & PERFORMANCE MONITORING POLICY

CHAPTER: 904

ISSUE DATE: MARCH 2007

PAGE 12 OF 20

The Government of the Northwest Territories needs a policy platform to establish both its planning process how it monitors, evaluates and reports its performance. The GNWT's Program Evaluation and Performance Monitoring directive meets this need. It ties together evaluation, evaluation planning and monitoring requirements so that the public will be able to judge how well the government has done in meeting its goals.

With increasing delegation of authority to ministers and reduced centralized control, there is a greater need to focus on results, thereby linking plans, costs and effects. With a greater focus on results, information should be distributed widely, permitting a more comprehensive assessment of performance and value for money.

The purpose of this policy is to ensure that the government:

- ◆ Has timely, useful, objective and evidence-based information on the performance of its policies, programs and initiatives to produce better results for residents of the NWT;
- ◆ Uses this information to improve the management and cost-effectiveness of policies, programs and operations;
- ◆ Has staff who are able to effectively manage and evaluate their programs and services;
- ◆ Establishes ongoing program evaluation and performance measurement practices.

### Principles

This directive is based on the principles that:

- ◆ Achieving and accurately reporting on results is a primary responsibility of public service managers;
- ◆ Rigorous and objective evaluation and monitoring are important tools in helping managers to manage effectively; and
- ◆ With the support of the Financial Management Board Secretariat, evaluations are undertaken with rigor and are credibility.

All GNWT departments and agencies will embed evaluation and performance measurement into their management practices to help assess in a rigorous and objective manner the results of government policies, programs, and initiatives.



## PROGRAM EVALUATION & PERFORMANCE MONITORING POLICY

CHAPTER: 904

ISSUE DATE: MARCH 2007

PAGE 13 OF 20

### DIRECTIVES

Deputy Ministers will:

1. Establish an appropriate evaluation and performance measurement capacity, tailored to the needs and resources of the department, to evaluate policies, programs and initiatives - including those of an inter-organizational nature;
2. Appoint their department officials to work with managers to embed the culture of evaluation and performance measurement into departmental management practices;
3. Ensure that the FMB is given access to evaluation findings if there are major concerns respecting the management or effectiveness of policies, programs and initiatives;
4. Direct all program evaluations, departmental operational reviews, and major studies to be either published or posted for public review, unless client confidentiality or privacy is at risk;
5. Continue monitoring the performance of all programs and services through the use of appropriate performance measures whether they are outputs, benchmarks, targets, standards, or longitudinal data;
6. Identify and prioritize potential evaluation projects on an annual basis;
7. Direct all program evaluations, departmental operational reviews and major studies to be either published or posted for public view, unless client confidentiality or privacy is at risk.

The Secretary to the FMB will:

1. Set standards for program evaluation and performance measurement in the GNWT;
2. Provide assistance to departments with program evaluation and performance measurement issues and training;
3. Assess the monitoring and evaluation capacity of the government;
4. Inform the FMB, without delay, of any evaluation findings that indicate major concerns respecting the management or effectiveness of policies, programs, or initiatives;
5. Be called upon to participate in or review the quality of program evaluations either commissioned or conducted by the departments, at the request of the FMB;
6. Be consulted with on terms of reference for any program evaluation that exceeds \$150,000;
7. The Comptroller General shall form and chair an Evaluation Committee of Deputy Ministers;
8. The Evaluation Committee shall approve the plans referred by the Deputy Ministers by using the Risk Matrix provided in Appendix I;



## PROGRAM EVALUATION & PERFORMANCE MONITORING POLICY

CHAPTER: 904

ISSUE DATE: MARCH 2007

PAGE 14 OF 20

9. The Committee shall monitor the departmental and public agency response.
10. The Committee shall report annually to the Financial Management Board (FMB), disclosing significant findings and recommendations, unresolved issues, and other matters of concern to the FMB.

### Budgeting and Evaluation Division (FMBS)

1. The Budgeting and Evaluation Division shall facilitate the planning for program evaluation in the GNWT;
2. Based on ongoing risk assessment and consultation with the managers of departments and public agencies, the Budgeting and Evaluation Division shall prepare an annual evaluation plan with a clearly identified scope, purpose and timeline for each project;
3. The Director of Budgeting and Evaluation Division shall submit the annual listing of evaluation plans to the Evaluation Program Evaluation Committee through the Comptroller General;
4. During a program evaluation that has been commissioned by the Evaluation Committee, the Budgeting and Evaluation Division, wherever possible and appropriate, shall work with the managers of the Program department or public agency;
5. Before finalizing an Program Evaluation report, the Budgeting and Evaluation Division shall provide a draft report which includes evaluation observations and recommendations for corrective action where appropriate to the program department or public agency for comment;
6. The Budgeting and Evaluation Division shall issue the final report to the Deputy Minister or board chair of the program's department or public agency, with a copy to the Comptroller General and the Evaluation Committee.

### Departmental Managers will:

1. Ensure that the cost of any evaluation will not exceed its expected benefit;
2. Ensure that every program evaluation involving the public, service recipients, or involving sensitive issues will adhere to the *Canadian Evaluation's Society's Guidelines for Ethical Conduct*. Consultants working on behalf of the government are expected to also follow these Guidelines;
3. Where appropriate, follow the GNWT's standards for program evaluation

It is recommended that departments engage in annual risk based evaluation planning to help them prioritize which projects and/or programs should be evaluated.



## PROGRAM EVALUATION & PERFORMANCE MONITORING POLICY

CHAPTER: 904

ISSUE DATE: MARCH 2007

PAGE 15 OF 20

### RISK BASED EVALUATION PLANNING

Risk based evaluation planning is a process to prioritize potential evaluation projects based on an assessment of the program risk toward key factors. Potential projects will be chosen according to a program's level of risk.

Risk Factor	Level of Risk		
	High	Medium	Low
Financial	Substantial department financial resources are assigned to the program with significant budgetary implications for the department.	Considerable department financial resources are assigned to the program - lower budgetary implications for the department.	Minimal department resources are assigned to the program.
Results	The program's activities are critical to the department in fulfilling its mandate. They work in tandem with GNWT goals.	The program's activities are important but not critical to the department in fulfilling its mandate. Tends to complement rather than fulfill legislated activities.	The program's activities are important to specific groups in the community but are not considered a significant part of the greater public interest.
Human Resources	Substantial department human resources are assigned to the program.	Considerable department human resources are assigned to the program.	Minimal department resources are assigned to the program.
Delivery Complexity	Highly sensitive and complex delivery.  Federal/provincial/territorial and municipal issues.  Multiple third party delivery partners.	Federal/ territorial issues, or territorial/ municipal issues.  Single Third party delivery partner.	Territorial jurisdiction only.  No delivery partners – department delivers program.
Accountability	The program's activities are rarely monitored, no performance information available.  No prior evaluation results.	The program's activities are monitored periodically, minimal performance information available. No prior evaluation results.	The program's activities are monitored regularly; performance information available and used.  Prior evaluation(s) conducted.
Public Interest	High degree of community and public interest in the program or subject matter. Would have the ability to enhance or diminish public confidence in the government and the Legislature.	There is community interest in the subject matter. Would have some ability to enhance or diminish public confidence in the government.	Interest in the program or subject matter is confined to specific and specialized advocates.



## PROGRAM EVALUATION & PERFORMANCE MONITORING POLICY

CHAPTER: 904

ISSUE DATE: MARCH 2007

PAGE 16 OF 20

### CALCULATING THE LEVEL OF RISK

For each proposed project, a risk rating is assigned for each risk factor below, and then the overall risk rating for the program is established. It is recommended that consultation with relevant stakeholders take place prior to submitting the prioritized list of potential projects to FMBS. There may be several programs that are assessed as high & medium risk, however, it is the department's discretion which programs they prioritize to submit.

Risk Factor	Level of Risk		
	High	Medium	Low
Financial	10	7	4
Results	10	7	4
Human Resources	10	7	4
Delivery Complexity	10	7	4
Accountability	10	7	4
Public Interest	10	7	4
Total	60	42	24

High Risk Programs	Medium Risk Programs	Low Risk Programs
43-higher	34-42 points	24-33 points

Other points for departments to consider when prioritizing evaluation projects would be:

- ◆ Past program assessments
- ◆ Program renewal commitments
- ◆ Estimated scope of the study
- ◆ Available resources (staff time, accessible data, tool development costs)
- ◆ Policy requirements for evaluation
- ◆ Is there a need to provide information on program effectiveness and/or areas for improvement?
- ◆ Minister and Deputy Minister information needs
- ◆ Indications that the program may be in trouble.



## PROGRAM EVALUATION & PERFORMANCE MONITORING POLICY

CHAPTER: 904

ISSUE DATE: MARCH 2007

PAGE 17 OF 20

### CANADIAN EVALUATION SOCIETY - GUIDELINES FOR ETHICAL CONDUCT

#### Competence

1. Evaluators are to be competent in their provision of service.
2. Evaluators should apply systematic methods of inquiry appropriate to the evaluation.
3. Evaluators should possess or provide content knowledge appropriate for the evaluation.
4. Evaluators should continuously strive to improve their methodological and practice skills.

#### Integrity

1. Evaluators are to act with integrity in their relationships with all stakeholders.
2. Evaluators should accurately represent their level of skills and knowledge.
3. Evaluators should declare any conflict of interest to clients before embarking on an evaluation project and at any point where such conflict occurs. This includes conflict of interest on the part of either evaluator or stakeholder.
4. Evaluators should be sensitive to the cultural and social environment of all stakeholders and conduct themselves in a manner appropriate to this environment.
5. Evaluators should confer with the client on contractual decisions such as: confidentiality; privacy; communication; and, ownership of findings and reports.

#### Accountability

1. Evaluators are to be accountable for their performance and their product.
2. Evaluators should be responsible for the provision of information to clients to facilitate their decision-making concerning the selection of appropriate evaluation strategies and methodologies. Such information should include the limitations of selected methodology.
3. Evaluators should be responsible for the clear, accurate, and fair, written and/or oral presentation of study findings and limitations, and recommendations.
4. Evaluators should be responsible in their fiscal decision-making so that expenditures are accounted for and clients receive good value for their dollars.
5. Evaluators should be responsible for the completion of the evaluation within a reasonable time as agreed to with the clients. Such agreements should acknowledge unprecedented delays resulting from factors beyond the evaluator's control.

## PROGRAM EVALUATION & PERFORMANCE MONITORING POLICY

CHAPTER: 904

ISSUE DATE: MARCH 2007

PAGE 18 OF 20

### GNWT PROGRAM EVALUATION STANDARDS

#### 1. EVALUATION PLANNING AND ISSUES

##### Standard

The department must apply the discipline of evaluation to assess the performance of its policies, programs and initiatives, both departmental and inter-organizational.

##### Guidance

- ◆ Evaluators should develop a strategically focussed plan that is based on assessments of risk, departmental priorities and reporting requirements, and priorities of the government as a whole;
- ◆ the full range of evaluation issues should be considered at the planning stage of an evaluation;
- ◆ is the policy, program or initiative consistent with departmental and government-wide priorities and does it realistically address an actual need? (relevance);
- ◆ is the policy, program or initiative effective in meeting its objectives, within budget and without unwanted outcomes? and ;
- ◆ are the most appropriate means being used to achieve the program goals?

#### 2. Competency

##### Standard

The person or persons carrying out evaluations, or evaluation related work, must possess or collectively possess the knowledge and competence necessary to fulfil the requirements of the particular evaluation work.

##### Guidance

- ◆ Evaluators should possess or ensure the provision of content knowledge appropriate for the evaluation and continuously strive to improve their methodological and practice skills.

Evaluators should possess knowledge, skills and experience in:

- ◆ the application of sound research design that able them to answer the chosen questions;
- ◆ the collection and analysis of reliable quantitative and qualitative data; and
- ◆ the development of valid, credible and unbiased conclusions and recommendations.



## PROGRAM EVALUATION & PERFORMANCE MONITORING POLICY

CHAPTER: 904

ISSUE DATE: MARCH 2007

PAGE 19 OF 20

### 3. Objectivity and Integrity

#### Standard

Individuals performing evaluation work must be free from impairments that hinder their objectivity and must act with integrity in their relationships with all stakeholders.

#### Guidance

Evaluators should:

- ◆ accurately represent their level of skills and knowledge; and
- ◆ declare any matter that could compromise the objectivity of either evaluator or stakeholder before embarking on an evaluation project or at any point during the project.

Evaluators should be accountable for their performance and their products and for:

- ◆ ensuring that their work addresses the priority concerns and accountability requirements of departmental management and the government;
- ◆ conferring with stakeholders on decisions such as confidentiality, privacy, communications and ownership of findings and reports;
- ◆ ensuring sound fiscal decision-making so that expenditures are accounted for and clients receive good value for their dollars; and
- ◆ completing evaluation work within a reasonable time as agreed to with the clients.

### 4. Consultation and Advice

#### Standard

Evaluation work must incorporate sufficient and appropriate consultation and, where appropriate, apply the advice and guidance of specialists and other knowledgeable persons.

#### Guidance

- ◆ Evaluators should consult major stakeholders in the conduct of their work.
- ◆ Where appropriate, peer review groups should be organized to review evaluation products to improve their quality and enhance the sharing of best practices.

## PROGRAM EVALUATION & PERFORMANCE MONITORING POLICY

CHAPTER: 904

ISSUE DATE: MARCH 2007

PAGE 20 OF 20

### 5. Measurement and Analysis

#### Standard

Evaluation work must produce timely, pertinent and credible findings and conclusions that managers and other stakeholders can use with confidence, based on practical, cost-effective and objective data collection and analysis.

#### Guidance

- ◆ Evaluation products should be made available at the most appropriate time to aid management decision-making.
- ◆ Evaluation findings should be relevant to the issues addressed and follow from the evidence.
- ◆ Evaluation products should be demonstrably useful to managers in improving performance and reporting on results achieved.

### 6. Reporting

#### Standard

Evaluation reports must present the findings, conclusions and recommendations in a clear and objective manner.

#### Guidance

Evaluation reports should be written so that senior managers and external readers can readily focus on and understand the important issues being reported. They should:

- ◆ be concise and clearly written;
- ◆ include only information that is needed for a proper understanding of the findings, conclusions and recommendations;
- ◆ present the conclusions and recommendations so that they flow logically from evaluation findings;
- ◆ clearly expose the limits of the evaluation in terms of scope, methods and conclusions;
- ◆ provide the reader with appropriate context by describing the purpose and timing of the work, the policy, program or initiative that was evaluated, how it fits into the overall operations of the organization, and its importance;
- ◆ provide an accurate assessment of the results that have been achieved by the policy, program or initiative;
- ◆ contain clear and actionable recommendations, and timing for management action; and provide relevant analysis and explanation of the exposure to risks for any significant problems identified and in respect of key recommendations.



# **EVALUATION – INDEX**

CHAPTER: 1000

ISSUE DATE: MARCH 2007

PAGE 1 OF 21

1000	INDEX
1001	PROGRAM PLANNING
1002	WORKING WELL WITH EVALUATION CONSULTANTS
1003	WRITING TERMS OF REFERENCE FOR EVALUATION CONTRACTS



# PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 2 OF 21

## PROGRAM PLANNING

### INTRODUCTION

The program planning guidelines are a series of questions and considerations which guide a proposal writer through the design process of a new or re-engineered program,. Spending time at the front end in design and theory application will increase the chance that the program will succeed. It will also save time, money and frustration for those on the delivery end of a program by anticipating problems before they occur. Items included in the planning framework include:

- ◆ Context of the program;
- ◆ Problem identification;
- ◆ Program logic model and rationale;
- ◆ Program implementation considerations like human, financial and infrastructure needs;
- ◆ The basics of evaluation and monitoring so that the capture of information can take place right from the start.

### PROBLEM ASSESSMENT

1. Before you start designing your program
2. Problem definition
3. Fishbone diagram
4. Addressing the problem

1. Before you start designing your program

Effective programs implement activities, which address specific problem areas. These activities should have an impact on the problem and eventually lead to short, medium or long-term results. In many cases program failure begins with the identification of a perceived problem which has not been verified or substantiated. Systematic assessment of such perceived problems will help you to decide if something needs to be done, how big or small the problem is, and what options are available to help solve the problem.

# PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 3 OF 21

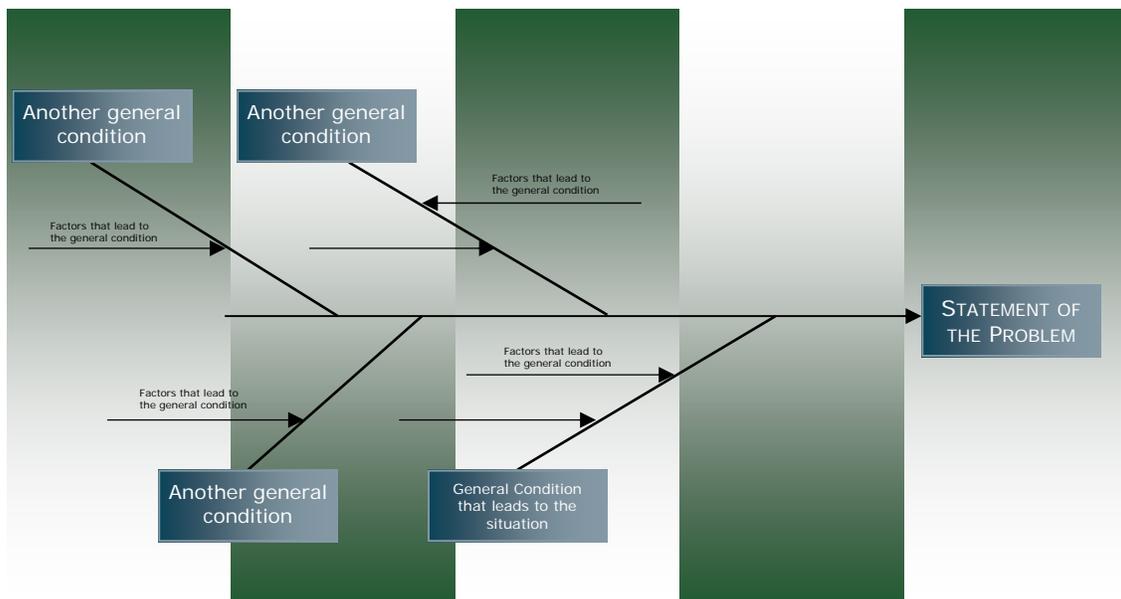
## 2. Problem Definition

Defining and describing the problem is not enough – it is also necessary to document the need for an intervention and to assess what has given rise to the problem. If the intervention ignores the root cause of the problem, there is a tendency to treat the symptom, which does nothing to solve the underlying difficulty. Ensure your assessment of the problem takes into account what is leading up to the problem in the first place. The following are a few questions to consider when assessing the problem:

- ◆ What does the problem look like?
- ◆ What is the extent of the “problem”
- ◆ How does it affect the person?
- ◆ What causes this situation?

## 3. Fishbone Diagram

A fishbone diagram is a simple way to look at a complex problem. First draw a line and state the problem, then ask “why does this problem occur”. For each reason you can think of that contribute to the main problem draw a line that branches off the main problem line.



This design helps to decide where in a complex situation your program can or should intervene.

# PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 4 OF 21

## Program Theory

The rationale for why a program should produce the desired results is called program theory. Program theory describes what a program proposes to do and why it will make a difference. It explains the underlying assumptions about how the program will lead to success.

Consider answering the following questions:

- ◆ What gap in existing programs will be filled?
- ◆ Has the proposal been developed in response to a demand or expressed need by a particular stakeholder or interest group?
- ◆ Does the proposed program address a commitment established in policy or legislation?
- ◆ Does the proposed program support any priorities and strategic initiatives from Cabinet or the GNWT?
- ◆ Have you established the root cause of the problem through solid research, and not just your own opinion?

## DESIGN

1. Context
2. Client body
3. Writing goals
4. Writing objectives
5. Rationale
6. If-then relationships
7. Hierarchy of outcomes
8. Missing steps
9. Program logic models



# PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 5 OF 21

## 1. Context

Why are you developing this program? Provide the background as to how the problem was brought to your attention and how you went about finding out if it was indeed a problem. Document all your findings and research to date – it will establish that you do need the program and that you will address the problem appropriately.

## 2. Client Body

Your examination of the problem should give you a good idea of who your client for the program is. Be clear on who will be receiving the services and who will benefit.

Demographic – your exploration of the problem may tell you things that may help you to really focus your efforts. Consider the demographics of your clients, you might be able to tailor you program to a particular group of people who have similar characteristics.

Culture – be aware of things that influence your program participants and how people react to our community programs and the environment in which the program operates. Be conscious of the cultural, traditional, religious, or community environments, which may influence the success of your program.

## 3. Writing goals

At this stage in program development you need to consider what you want to accomplish. Think to end results, not how you will get there. At this point you must think about accomplishments – what do you want the future to look like?

Tips for writing goal statements:

- ◆ Make the goal realistic
- ◆ The goal should be something you have some influence on
- ◆ Make the goal meaningful
- ◆ Write your goals as a statement of accomplishment
- ◆ Be on the lookout for contradictory goals

## 4. Writing Objectives/Activities

Objectives are the steps that you are going to take in order to reach your goals. One the problem statement is clarified, and the goal is agreed upon, the next step is to decide what to do about the situation.



# PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 6 OF 21

The Current Problem	What are you going to do about it	What do you want to see happen in the future (Goal)
Women are losing their reproductive capability because of Sexually Transmitted Disease (STD)	Educate women to recognize an STD. Give away free condoms Develop a communications campaign to stop the spread of STD	Reduce sexually transmitted disease by 84% in the next 10 years.
Childhood obesity is in the rise which will lead to future health complications	Develop and deliver a social marketing campaign to influence mom's food buying behaviour. Pass a policy in every school that there will be one hour of exercise per day per child	Children stay within their normal weight range throughout their growing years.

Notice that these objectives can be broken down into smaller steps – activities and/or the tasks needed to carry out the objective. It isn't necessary to outline every small item or task for an objective.

The difference between goals and objectives:

- ◆ Goals are broad; objectives are narrow
- ◆ Goals are general intentions; objectives are precise
- ◆ Goals are intangible; objectives are tangible
- ◆ Goals are abstract; objectives are concrete
- ◆ Goals can't be validated as is; objectives can be validated

Are stakeholders involved? – People have more commitment to decisions into which they have had input. Consultation and feedback from stakeholders is particularly important where the stakeholders form part of the partnership or other body delivering the program.

What is the philosophy of intervention? – The question must be posed “ is this something the government should be dealing with?” Does it fall within the mandate of the department? Is government the best way to implement a solution?

# PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 7 OF 21

5. Rationale

What is the rationale behind the program? What are you proposing to do and why should it make a difference? If you do X, then Y should happen. This is the underlying assumption about why the program should work. Unfortunately many programs do not make this link.

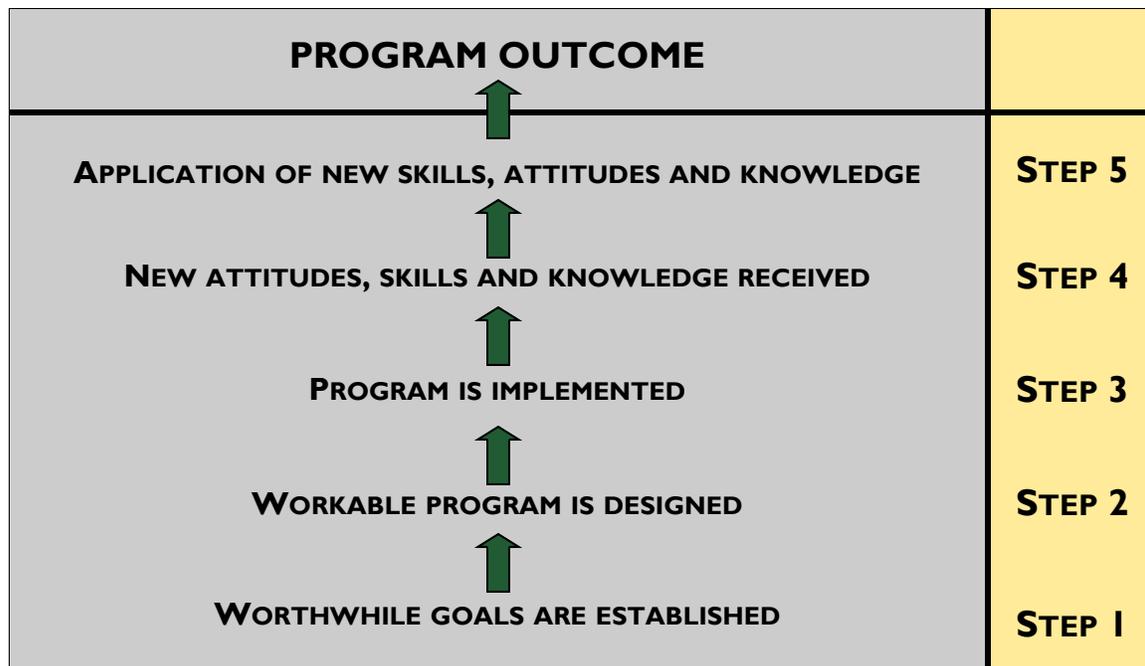
6. If-Then Relationships

The logic of if-then relationships assumes that each lower outcome has to be achieved before the next higher outcome can take place.

There are many different forms of logic models – the one key element that all formats have in common is the clarification of objectives or outcomes; what is the change we are trying to bring about through this intervention, and why do we think that certain activities will bring about this change? The focus of logic model development should be on getting the outcomes right.

7. Hierarchy of Outcomes

To figure out if X will cause Y, the theory behind the diagram needs to be laid out. Why do you think that doing what you propose will make a difference? What is the sequence of events that will lead to your outcomes? A generic hierarchy of outcomes looks like this:



# PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 8 OF 21

## PROGRAM LOGIC MODELS

The development of a program logic model is designed to provide a map of what a program is intended to do (Owen with Rogers, 1999). A logic model can be defined as “an illustration of...how the activities of a policy, program or initiative are expected to lead to the achievement of the final outcomes”. It is necessary to identify a program’s underlying theory of action, and how program components fit together based on that theory to achieve the desired outcomes.

A program logic model is not an end in itself – it provides a tool which assists with conceptualizing a program and provides a basis for monitoring and evaluating performance. It provides a useful analytical tool for clarifying need and monitoring programs. Adaptation and adjustment of the logic model may be required as a program evolves, or as the evaluation focus shifts.

### Selection of the program model

The most common logic model format is a matrix or chain which includes several of the following key components: inputs (resources and activities), outputs (activities and/or products), stakeholders or audience, outcomes (generally presented as a short-term, interim and long-term or impacts) and assumptions. The selection of the appropriate format depends on a number of factors; chief among these is the stage of program development. The most common and basic format is a graphic flow chart illustrating inputs, outputs and outcomes.

- ◆ **Activities** – refers to actions undertaken as part of program implementation (resources are a component of activities)
- ◆ **Outputs** – refers to tangible products and services that result from the activities
- ◆ **Outcomes** – refers to specific changes in program participants’ behavior, knowledge, skills, status and level of functioning. For the purposes of this paper, no distinction will be made between short-term and intermediate outcomes, and all outcome will be considered to be “outcomes of interest” as defined by Mohr.
- ◆ **Ultimate outcomes** – refers to the fundamental change occurring in communities or systems, at least in part as a result of program activities, over the longer term. Ultimate outcomes cannot be attributed directly to program activities, as other societal factors will also influence their achievement.

We present 3 kinds of logic models, Types 1,2,3a and 3b



# PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 9 OF 21

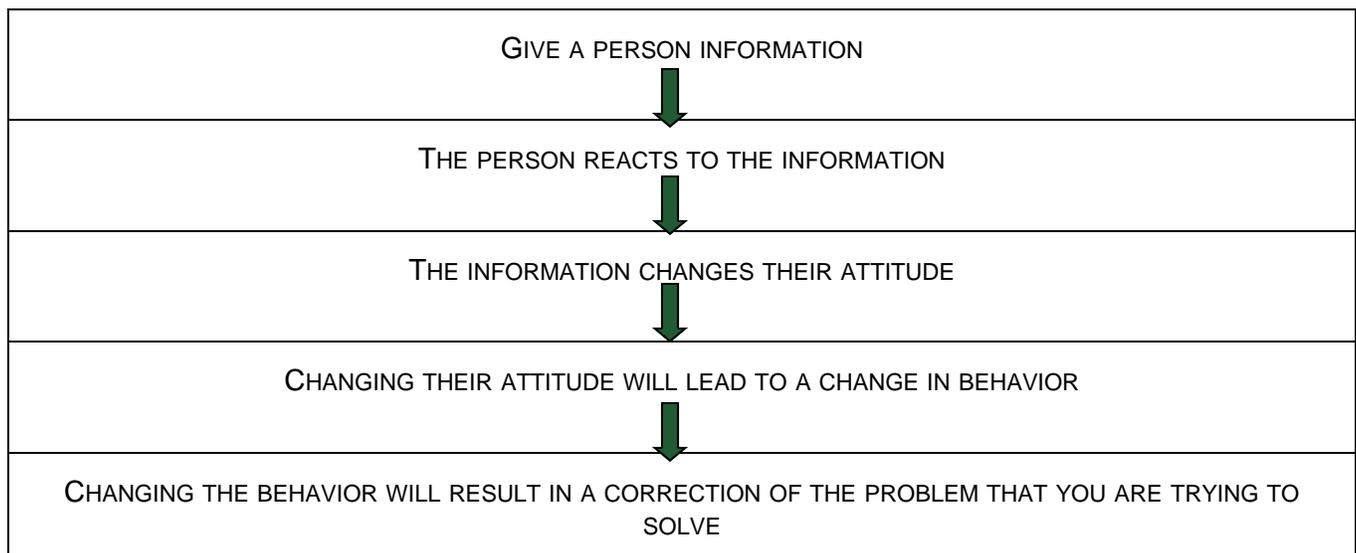
<b>Inputs</b>	<b>Program Activities</b>	<b>Program Outputs</b>	<b>Short Term Outcomes</b>	<b>Medium Term Outcomes</b>	<b>Long Term Outcomes</b>
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<b>Outcome Hierarchy</b>	<b>Indicators of Success</b>	<b>Factors</b>	<b>Performance Information</b>
--------------------------	------------------------------	----------------	--------------------------------

			<b>OUTCOMES</b>		
<b>Inputs</b>	<b>Activities</b>	<b>Participation</b>	<b>Learning</b>	<b>Action</b>	<b>Impact</b>

Please refer to the more detailed Program Planning Guidelines for descriptions on each type of Logic Model.

What is the Theory of Change?



# PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 10 OF 21

## IMPLEMENTATION

- ◆ Policies
- ◆ Procedures and Process
- ◆ Impact on Other Programs
- ◆ Budgeting
- ◆ Timing
- ◆ Communication
- ◆ Validation
- ◆ Documentation

### POLICIES

The program will require operating policies to assist those who have to make program decisions. Ensure that your program policies are in agreement with all GNWT policies and legislation. The following are examples of policies:

### ELIGIBILITY

Eligibility requirements need to be considered. Review the purpose of the program and use the data collected in the examination of the original program, eligibility criteria should become apparent.

If eligibility criteria are similar to those applied in other programs, there may be an opportunity to streamline administrative processes.

In order to ensure consistency of application, and to ensure programs can be delivered within budget, it is critical that eligibility criteria are clearly defined and the process for determining eligibility be thought through and documented.

### CULTURAL RELEVANCE

The more culturally relevant the program is, the more it will feel comfortable and sincere to the people who use it – the program should be appropriate for the community where it is housed. The use of traditional knowledge is encouraged. It has to make sense for the people that it is being designed for, and the designer must consult with the community – this cannot be done in isolation.

Traditions, customs, culture and religion must be honored if a program is going to have any credibility with its clientele.



## PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 11 OF 21

Two of the principles of the GNWT Traditional Knowledge Policy (51.06) should be reflected in program planning:

- ◆ “government programs and services should be administered in a manner consistent with the beliefs, customs, knowledge, values and languages of the people being served”
- ◆ “traditional knowledge should be considered in the design and delivery of Government programs and services”.

### **OTHER POLICIES**

Other GNWT policies should be considered – acquaint yourself with the collective agreement and the human resource policies that may affect your staff. The Financial Administration Manual should also be reviewed for information concerning money transactions.

### **CODE OF CONDUCT**

How you treat your clients and behave in the work place is a very important matter. You should acquaint your staff with the GNWT Code of Conduct. If you deal with sensitive or personal client information you will need to have a mechanism in place to guide your staff in how to deal with sensitive or confidential information.

### **PROCEDURES & PROCESS**

Your procedures need to outline the mechanics of your program. This makes sure that everyone will be treated in the same way, plus it will help your staff to get started in running the program.

Map out each step in the process from start to finish and examine it for bottlenecks or tie-ups. If you have unnecessary steps, eliminate them. This is where you pay attention to efficiency.

Impact on other programs

It will be important to look at the program to assess its impact on other programs and services that are offered by government and third parties. These might include corresponding reductions in needs for other programs, increased demand on related programs or increased infrastructure demands.

### **DELIVERY**

How the proposed program will be delivered needs to be addressed – consider the following:

- ◆ Application procedures
- ◆ Personnel involved in actual delivery
- ◆ Where the program will be housed
- ◆ Public relations requirements



## PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 12 OF 21

- ◆ Procedures for monitoring and reporting results
- ◆ The accountability chain – who answers for what
- ◆ Major roles and responsibilities
- ◆ Are there minimum standards for this kind of program?
- ◆ Can any resources be shared?

### **BUDGETING**

Resources can be staff, time, money or materials. Do you have money set aside for evaluation? Do you have access to staff time? Do you need to negotiate for things? Look for opportunities to share resources with other programs (like splitting overhead costs). Consider administrative efficiencies like “one window” application procedures, etc.

You need to ask yourself “is this program affordable?” It may be nice to do, but in the face of competing demands, is this where the GNWT should be spending money? There will be the questions – is this a “nice to have” program or is it addressing a critical piece of the GNWT’s mandate?

### **TAX IMPLICATIONS**

If your program is involved in distributing money or assets like houses, vehicles or other large items, there maybe taxation implications to the person on the receiving end. If you are in doubt, contact Revenue Canada and get a ruling in writing on what the obligations will be to your beneficiary.

### **TIMING**

Consider what time of year it is – is there anything going on in the community during the first few weeks of your program’s start date that you need to be aware of? Have you considered:

- ◆ Hunting season
- ◆ Events in the community?
- ◆ Christmas
- ◆ School break
- ◆ End of school year
- ◆ Elections
- ◆ Fiscal year end
- ◆ Winter road/transportation issues



# PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 13 OF 21

## COMMUNICATION

How can you get people to participate? You can invite them by letter, referral, personal invitation, radio or newspaper, depending on the program. Remember that if the program you are promoting is very personal, people may not be comfortable in stepping forward.

Let your community know what you are planning to do. Support for your efforts may come in a variety of sources and good community relations are extremely valuable. Good communication helps to relieve people's fears. There are different ways to get your message across. It depends on your audiences. Think about them when you design your communications plan.

## DOCUMENTATION

One of the first things that will save you grief and frustration is to set up an information retrieval system. You need to consider 4 areas:

- ◆ Operational files
- ◆ Historical files
- ◆ Program files
- ◆ Performance information

## MONITORING & EVALUATION

- ◆ Program Design and Forms of Evaluation
- ◆ Logic Models and Forms of Evaluation
- ◆ Evaluation and Performance Measurement Frameworks

# PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 14 OF 21

## Program Design and Forms of Evaluation

Form	Proactive	Clarificative	Interactive	Monitoring	Impact
<b>Orientation</b>	Synthesis	Clarification	Improvement	Justification/ Fine-tuning	Justification/ accountability
<b>Key Approaches</b>	Needs assessment  Research Review  Review of best practice  Feasibility Studies	Evaluability Assessment  Logic/theory Development  Accreditation	Responsive  Action Research  Quality Review  Developmental  Empowerment	Component Analysis  Performance Measures  Devolved Performance Assessment  Systems Analysis	Objectives based  Process-outcome studies  Needs based  Goal free  Performance Audit
<b>Relevant Program Design</b>	Problem Definition	Logic Model		Performance Measures	Outcome Evaluation

Will the design of my program determine the kind of evaluation I can do? In the sense that your administrative systems need to be set up to collect and analyze data, your design will affect your ability to evaluate effectively. As you can see from Owen's Forms and Approaches of Evaluation below, there are many types of evaluation that can be used across the phases of a program's life.

<b>PROACTIVE</b>	Before the Program, finding out if there is a problem and what the root of the problem is	Needs Assessments, research reviews, best practice reviews
<b>CLARIFICATIVE</b>	To clarify what the program is supposed to be focused on, how it is supposed to be working, its purpose and if its internal logic is solid	Evaluability assessments, logic models, accreditation
<b>INTERACTIVE</b>	Improving the service, looking at the delivery of the service, is the service effective?	Action research, quality reviews, participatory, empowerment, process re-engineering
<b>MONITORING</b>	Justification of the program, fine-tuning the details, looking at the volume of work	Component analysis, performance measurement, trends analysis
<b>IMPACT</b>	Justification, accountability, did the program make a difference? To whom?	Outcomes based, goal free, performance audit, impact analysis



# PROGRAM PLANNING

CHAPTER: 1001

ISSUE DATE: MARCH 2007

PAGE 15 OF 21

## Performance Measurement and Program Evaluation

As part of program planning, a monitoring and evaluation framework should be developed which has at least the following components:

What are the evaluation questions?	What is the best tool to answer these questions?	Who (or what) will give you this information?	When is the best time to collect this information?	Who on your team will be responsible for collecting this information?	Who will do the analysis?

The framework should identify anticipated evaluation questions/issues, and the information that will be required to address these issues. The schedule below will indicate the appropriate time frame for program evaluation activities.

## Monitoring & Measurement Information

<b>OUTPUTS</b>					
Output	Where is the data?	Who collects it?	When is it collected?	Who is it sent to?	Who does the analysis?
Reported where:					

### WORKING WELL WITH AN EVALUATION CONSULTANT

The GNWT often hires consultants to conduct various types of reviews, reports or evaluations. Significant amounts of money are usually involved in order for program or project managers to get the valuable program information they require. Everyone involved in the evaluation process has a stake in the evaluation or review going well – in addition to having a good evaluation plan, the relationship between the evaluation consultant(s), project manager, steering committee, and program staff are very important. All of the stakeholders need to put in their best efforts for this type of collaboration to be successful.

The following are seven key areas for the Project Manager to note when working with an external evaluation consultant:

1. Initial meeting
2. Contract
3. Project management
4. Providing feedback
5. Payment
6. Deliverables
7. Evaluating or debriefing the evaluation project

#### INITIAL MEETING

Clear and ongoing communication fostered through regular contact and timely, scheduled meetings were important to ensure the best possible outcomes from the evaluation. The following points are important to discuss during the first meeting:

- ◆ Review the Terms of Reference and the accepted proposal to ensure they are consistent
- ◆ Discuss the roles and responsibilities to ensure there isn't any misunderstanding on who is responsible for what
- ◆ If there have been any revisions to the Terms of Reference due to changes in circumstances discuss them now
- ◆ Establish a schedule of meetings throughout the life of the project

#### CONTRACT

There shouldn't be any surprises when the contract is being signed – any issues should have been worked out in the initial meeting. If it is necessary for the evaluation consultant to protect the confidentiality and anonymity of program clients, specify it in the contract.



### PROJECT MANAGEMENT

Keep your staff well informed as their cooperation is necessary for the success of the evaluation and for implementation of its findings. Ensure a regular flow of information to the key players.

Timely and reliable access to program data is important for an evaluation consultant to conduct their duties in a timely manner. Interim reports are a good way to monitor the progress of the project – regular communications through interim reports helps to avoid surprises and allows time for discussion and possible modification before the final report is submitted should there be serious errors or problems.

### FEEDBACK

In order to keep the focus on the content of the reports, ask that each report be first submitted as an outline. Outlines allow all parties to come to an agreement on the topics to be covered without getting into group editing of a document. Compare what is in the outline with the topics that were discussed at the initial meeting and included in the Terms of Reference and contract. Ensure there are no factual errors in the outline.

If you have questions or concerns about the conclusions contained in the report, ask the consultant for the evidence that led them to that conclusion. It is their job to provide you with their impartial professional opinions even if you disagree or dislike their findings.

### PAYMENTS

Often progress payments are tied to delivery of reports or achieving some other milestones. When you receive an invoice from the evaluation consultant, check to be sure that it is consistent with the budget and payment schedule agreed to. If so, quickly process the payment as agreed to in your contract.

### DELIVERABLES

Upon receipt of the final report, note if it is on time and review it to see if the content and format is as agreed to in previous meetings and the contract. If there are concerns with any of the deliverables, contact the evaluation consultant immediately as silence may be interpreted as acceptance of what has been delivered.

### EVALUATING OR DEBRIEFING THE EVALUATION

The project is not over after the final invoice is paid and report received – evaluating the evaluation can be as important as evaluating the program was. A review of the evaluation process helps point out what could be improved for the next time.



## WRITING TERMS OF REFERENCE FOR AN EVALUATION CONTRACT

CHAPTER: 1003

ISSUE DATE: MARCH 2007

PAGE 18 OF 21

### WRITING TERMS OF REFERENCE FOR AN EVALUATION CONTRACT

This guide is designed to help people who are planning to write terms of reference for evaluation contracts and who then have to rate the responses they receive. Evaluation is a specialized field and most people who buy evaluation services are professional administrators and managers rather than professional evaluators. Following these guidelines will help to clarify the terms of reference so the best possible proposals come forward. Evaluation consultants can get bogged down if the Terms of Reference (TOR) are unclear and vague and will have a difficult time writing a suitable proposal. It is in everyone's best interest if you are explicitly clear with what you want.

Before you write terms of reference for an evaluation project or contract, you must determine if hiring an evaluation consultant is the way you wish to proceed. There may be times when it is preferable to do an in-house evaluation using staff skills due to financial considerations, to build internal evaluation skills, or due to client/subject matter confidentiality.

#### LAYING THE GROUNDWORK

A number of issues need to be settled and documented at the beginning of a project. Once this is done, the TOR will come together in a more precise and clear manner. Consider the following points:

1. What is the purpose of the evaluation?
2. What is the scope of the evaluation?
3. Who is the audience and client of the evaluation?
4. What is the chain of command?
5. Have you talked to your staff?
6. What exactly do you want to know? For instance:
  - a. How well is the program meeting clients' needs?
  - b. How can the program be improved?

Are your program goals being met?

You must be clear on what you are asking the evaluator to look at; is it a process? An outcome? Implementation? Client needs?

Once all of the details are sorted out, you should prepare an information package on the program that can be distributed to prospective bidders – this will ensure a competitive process and will save a lot of time explaining the same program elements repeatedly.



## WRITING TERMS OF REFERENCE FOR EVALUATION CONTRACT

CHAPTER: 1003

ISSUE DATE: MARCH 2007

PAGE 19 OF 21

### DEVELOPING THE TERMS OF REFERENCE

The TOR must include nearly everything the evaluation consultants need to know to prepare their proposals and develop their approach to the evaluation. The information package mentioned above will include all the details. The following are items to include in both the Request for Proposals (RFP) and the TOR.

### REQUEST FOR PROPOSALS

- Background
- Purpose of the evaluation
- Scope
- Audience and client of the evaluation
- Roles and responsibilities
- Evaluation questions
- Code of conduct
- Deliverables
- Budget
- Timelines
- Submission procedures
- Summary

### TERMS OF REFERENCE

- Purpose of the evaluation
- Evaluation questions
- Program overview
- Scope
- Timelines
- Budget
- Project management
- Deliverables
- Provisions of the contract
- Proposal format requirements
- Submission procedures and deadlines
- How proposals will be rated

### POSTING A RFP

Where you post an RFP is important – ensure that it gets maximum exposure to the audience you are seeking. The more exposure the RFP receives, the more choice you will have in selecting a proponent. Please note that the GNWT policy is that if one proponent asks a question, every proponent receives a copy of the question(s) and the reply.



## WRITING TERMS OF REFERENCE FOR EVALUATION CONTRACT

CHAPTER: 1003

ISSUE DATE: MARCH 2007

PAGE 20 OF 21

### RATING PROPOSALS

Outline how and when you plan to select the successful proposal from amongst those submitted. Give an overview of the decision making process that will be followed and when a decision will be made. Using a table to show the relative weighting of each rating factor is helpful. Factors to include when rating proposals are as follows:

- Project team
- Relevant past experience
- Design, methods and approach
- Project schedule
- Budget
- References

If the organization issuing the RFP does not feel qualified to assess some aspects of the proposal, it is a good idea to invite an impartial outsider or review team to participate in the review process.

### OTHER CONSIDERATIONS

It is a good idea to consider other issues when reviewing proposals, such as the proponents having sufficient insurance if necessary for your project. A well written, concise, well-organized proposal is a good indication of the quality of product a consultant will tent to generate. The following are adapted from an article written by Burt Perrin:

- ◆ How well does the consultant appear to understand the purpose and context of the study?
- ◆ To what extent has the consultant demonstrated active listening?
- ◆ Does the consultant propose approaches and ideas different from exactly what was mentioned in the TOR?
- ◆ Try not to be overly impressed with fancy looking proposals and presentations.
- ◆ Have you taken into account who, specifically on the consulting team will actually carry out the work?
- ◆ Most importantly, does everything you know about the consultant, based upon the proposal as well as all other relevant information, give you confidence that the study will likely result in a deliverable that will be useful to you and your organization?



## WRITING TERMS OF REFERENCE FOR EVALUATION CONTRACT

CHAPTER: 1003

ISSUE DATE: MARCH 2007

PAGE 21 OF 21

### THE FINAL DECISION

If there are a couple proposals that are very close in ratings, you may wish to get more information from them before selecting one. Interviewing proponents either face-to-face or by phone is a good option to consider.

Once a proposal has been selected, let all the other proponents know the decision made as soon as possible. They may request feedback – a debriefing allows the unsuccessful proponents the chance to further explore where their proposals fell short in order for them to do a better job in the future.

Should you feel you require more information than is provided here please refer to the more detailed manual *Writing Terms of Reference for an Evaluation Contract* – this can be accessed by contacting Budgeting & Evaluation, FMBS.



# **OTHER INFORMATION**

CHAPTER: 1100

ISSUE DATE: MARCH 2007

PAGE 1 OF 1

**UNDER DEVELOPMENT**