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of British Columbia

**Towards a More
Accountable Government:
Putting Ideas Into Practice**

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LOCATION:

8 Bastion Square
Victoria, British Columbia
V8V 1X4

OFFICE HOURS:

Monday to Friday
8:30 a.m. – 4:30 p.m.

TELEPHONE:

(250) 387-6803
Toll free through Enquiry BC at: 1-800-663-7867
In Vancouver dial 660-2421

FAX: (250) 387-1230

E-MAIL: bcauditor@oag.bc.ca

INTERNET HOMEPAGE:

This report and others are available at our Internet Homepage which also contains further information about the Office: <http://www.oag.bc.ca>

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George L. Morfitt, FCA
Auditor General
of British Columbia

Towards a More Accountable Government: Putting Ideas into Practice

In 1985, the provincial government set out to build a highway through the mountains of British Columbia. By the time it was completed—ready for Expo 86—the design and cost of the Coquihalla Highway had mushroomed beyond expectations. The media, public and legislators demanded to know what had gone wrong.

A public commission of inquiry into the funding of the highway project concluded that the Legislature had been avoided and misled by the documents presented to it. The true costs, it found, had not been represented in a forthright way, but had been manipulated by the transfer of expenses part way through the project. Ultimately, the Commissioner contended, conditions had been established whereby cost increases could occur without accountability.

At the time a private citizen, I was deeply concerned by the commission's findings. Clearly, the accountability of government—in reality, the lack of it—was at the core of the problem.

Fifteen years later, a similar controversy is in the public forum. The government's project to build three fast ferries, originally budgeted at \$210 million, has ballooned to more than \$460 million. The public, legislators, and seemingly the government itself were not aware of the nature and extent of the cost over-runs until it was too late. Again, a lack of accountability appears to be at the heart of the problem.

These latest developments are disturbing. Cost over-runs at BC Ferries should have been avoided. The lessons from the Coquihalla Highway experience were there; they just weren't heeded. Other controversies have also arisen in this period, such as the disclosure inadequacies of the government's 1996 budget and certain doubtful foreign investments made by BC Hydro. It is controversies such as these that have led many of us to question the extent to which open, transparent and accountable government truly exists today.

I came to office in 1988, believing that improving government accountability was of critical importance to all British Columbians. Accountability is not just good theory. Put into practice, it is a tool for better government. Public reporting about government's performance and activities, for example, can contribute to meaningful and informed debate among the public, legislators and government members. Furthermore, it can be used by government to adjust its policies where necessary, while helping the public and their elected officials assess whether their expectations of good government are being met.

Over the last 12 years I have encouraged government to be more accountable, and there has been genuine effort in some quarters to do just that. Unfortunately, these efforts have not been consistent or widespread. They have not, for instance, been sufficient to prevent the kinds of problems that have occurred from happening again. More can, and should, be done.

As I end my term as Auditor General, I urge the government to press ahead with accountability reforms that will bring about the more open, transparent and accountable government we all want. What needs to be done is well established: it has been talked about here and put in practice elsewhere. British Columbians, I believe, would be well served if their government took the bold steps required to move forward. I decided to write this—a call to action—as my last effort to raise awareness of what I believe is an issue of huge importance to all British Columbians.

Accountability—The Public's Right to Know

Government touches virtually every facet of a person's life. Education, the environment, health care, employment, investment, agriculture, fisheries, transportation—these are just a few of the many areas where government affects the lives of British Columbians every day.

Governing requires power and resources, and in a democratic society these two needs are provided—conferred upon governments—by the people. People, in turn, have a right to know both what government intends to do and what it has actually done with the power and money it has been given. Put another way, government must be accountable to the public for its efforts and results.

The Public—Holding Government Accountable

Public accountability, at least traditionally, has been primarily about the relationship between government and the Legislative Assembly. But, today, there are really three key players in the chain of public accountability: government, the Legislative Assembly and the public.

Public accountability is still based on an historical model, but in many jurisdictions it has been adapted to meet the needs and desires of the public. In the past, as today, it is the people's elected representatives, the Members of the Legislative Assembly, who, on behalf of the public, oversee the activities of the government. They do so through their control of the public purse. Governments may draft budgets and spending estimates, but they can neither collect nor spend taxpayers' money without the permission of the Assembly. And, having spent the money entrusted to them, governments are obligated to report back to the Assembly—and ultimately to the public—to explain how the money was spent and for what result. Moreover, the Legislative Assembly has appointed the Auditor General to assist in this process by providing it with advice about the quality and adequacy of the government's accountability information.

Historically, people played a passive role in the accountability of government, relying on their elected representatives to safeguard the public's interests. But now, more than ever before, people are well-educated and informed about politics. Governments today face a sophisticated electorate, with a strong interest in the political decisions that are made on their behalf. People expect to play a larger role in the way that public policies are developed and carried out. Special interest groups now abound, where like views are not only shared but are forcefully brought to the attention of government. As a result, the nature of representative government has changed. Governments today are expected to interact more directly with the public. And the public no longer relies solely on their elected representatives to hold government accountable. They are increasingly demanding a role themselves.

Why Accountability Is an Issue

Why the concern over accountability? Because, I believe, people no longer judge government simply on the basis of how much it spends on a problem. Rather, as taxpayers, they wonder if the promise of better, more efficient government has been realized. As consumers of government services, they want to know whether the policies and programs of government are effective, administratively efficient and of high quality. And as citizens, they wonder whose interests are being served, and whether the government has been able to strike the right balance among competing interests (such as protecting the environment while encouraging economic development).

Traditional notions of accountability prevail as well. Values such as fairness, equity, integrity, neutrality and prudence are still expected to guide both government leaders and public servants in the decisions they make and the actions they take.

These haven't changed over time, although governments themselves have in the way they deliver programs and services, for example, and in the way they relate to the public. Other, newer values reflect that change, values such as responsiveness, openness (while protecting the privacy of the individual), transparency, quality, service and prudent risk-taking. These are important values because, in the pursuit of the public interest, it is not just the results that matter, but also the way in which those results are achieved. The problem is, as governments adopt more entrepreneurial practices and experiment with new ways of delivering services, these values come under stress. That's why it's important to assess the results that government (and its partners) achieve, not just in terms of the objective to be gained, but also in terms of the public sector values we believe in.

In British Columbia, governments typically have not provided information that covers this broad spectrum of interests. It seems to me that, as a result, it is difficult for a member of the public or a legislator to make informed assessments about how well government has performed.

Ten years ago, such concerns about accountability existed in most other jurisdictions in Canada and in other countries such as Australia, New Zealand, the United Kingdom and the United States. No longer is this the case. Over the last decade, governments in many of those jurisdictions have made significant advances, adopting modern ways for managing, measuring and reporting publicly on their performance.

Lots of Advice Has Been Offered

None of what I'm saying here is new. In virtually every audit report I've released during my two terms in office, I have recommended to government that it provide the Assembly with better information about its plans and its achievements.

And mine is not the only voice in British Columbia calling for change.

The government's most senior public servants—its Deputy Ministers—have also recognized the value of

improved accountability. Together, in 1995, we designed an accountability framework—a guide for governments to report publicly on their intentions and results—as well as a plan for putting modern performance management systems into place. Referred to as the “Accountability for Performance” initiative, the results of our efforts have been published in three joint reports.

A standing committee of the Legislative Assembly, the Public Accounts Committee, actively supported this initiative. Indeed, in 1996, after holding a series of public hearings, the committee set out the kind of information that legislators needed to more effectively hold government to account.

What’s Been Reported

Much of the advice that has been given to government on accountability is publicly available. To learn more, refer to the documents located at the following websites:

<http://www.oag.bc.ca/>

- Enhancing Accountability for Performance in the British Columbia Public Sector, Auditor General of BC and Deputy Ministers’ Council, June 1995
- Enhancing Accountability for Performance: A Framework and An Implementation Plan, Auditor General of BC and Deputy Ministers’ Council, April 1996
- Enhancing Accountability for Performance in the British Columbia Public Sector: A Progress Report to the Legislative Assembly, Auditor General of BC and Deputy Ministers’ Council, Spring 1997
- A Review of the Estimates Process in British Columbia, report of the Auditor General of BC, February 1999

This information can also be obtained by contacting the Office of the Auditor General of British Columbia.

<http://www.legis.gov.bc.ca/>

- Enhancing Accountability for Performance in the British Columbia Public Sector, Second Report of the Select Standing Committee on Public Accounts, 4th Session, 35th Parliament, January 31, 1996
- Enhancing Accountability for Performance in the British Columbia Public Sector, First Report of the Select Standing Committee on Public Accounts, 1st Session, 36th Parliament, August 13, 1996

This information can also be obtained by contacting the Clerk of Committees at the Legislative Assembly of British Columbia.

<http://www.reviewpanel.gov.bc.ca/>

- Credibility, Transparency & Accountability: Improving the BC Budget Process, Final Report of the Budget Process Review Panel, September 27, 1999

This information can also be obtained by contacting the Ministry of Finance and Corporate Relations.

More recently, in my 1999 report on the Estimates process, I recommended far-reaching changes to the way government plans, budgets, measures and reports on its performance. Similar recommendations have since been made by a government-established Budget Process Review Panel. The panel called for fundamental changes to the way the government prepares its annual budgets and reports on its use of public funds. It also echoed the Public Accounts Committee in recommending substantive legislative reform.

I had hoped that, just as many other jurisdictions have done, British Columbia would recognize the need to be more open and forthright with the public. The advice my Office and other commentators in British Columbia have provided is much the same as that which led to change elsewhere. We agree, for example, that public reporting must be improved such that it:

- focuses on intentions and results;
- covers all key aspects of performance; and
- is comprehensive and inclusive of all government organizations.

However, while better public reporting by government is an important part of improved accountability, it is not enough by itself. In our efforts to improve accountability, we must not lose sight of the role of the Legislative Assembly and its auditor. I elaborate on each of these areas below and reiterate the advice that I and others have offered for putting ideas into practice.

The Government—Improving Its Public Reporting

Public reporting is the practical expression of an open and accountable government. It is key to demonstrating transparency in government activities, and is a pragmatic step towards improving the performance of the public sector. But meaningful public reporting is also highly dependent on effective performance management practices. These practices include, for example, strategic and business planning, performance measuring, and budgeting—processes that support the attainment of government’s policy objectives. In this respect, public reporting and performance management are iterative processes: public reporting helps focus attention on the performance of government and thus on its improvement, while performance management provides the basis on which meaningful information can be reported.

But what constitutes meaningful public reporting? I and others believe it should encompass at least three aspects.

First, public reporting must focus on intentions and results. To do that, government needs to provide information publicly right at the start. A strategic plan for the Province setting out the government's priorities, and multi-year business plans for government organizations would be a good beginning.

Historically, information reported about a government's performance has been about inputs (the dollars that were spent on training, for instance), about activities (such as the number of courses offered) and about processes (for example, how the training was offered). While these details are important to the operations of government and their reporting is still of use, many jurisdictions have broadened from this focus to talk about plans and results.

The key is to have government provide information that will allow legislators and the public to assess whether government is effective in identifying public policy issues, whether the policies chosen are effective in addressing the issues, and whether these policies are implemented in an economic and efficient manner. From a practical perspective, focusing on results means: (1) having clear goals and objectives, (2) understanding what needs to be measured to indicate how well the goals and objectives are being achieved, (3) setting achievement targets at the start of each period, (4) measuring and reporting the results, and (5) taking corrective action where needed to improve upon those results.

By tradition, the provincial government uses the Speech from the Throne and the Budget speech to lay out its agenda. However, because neither of these usually sets out any formal measurement of stated priorities or of specific initiatives, little reporting of results occurs. Elsewhere, more and more governments are now providing such information annually in performance reports. In this way, the public in these jurisdictions are beginning to receive a candid account of both successes and shortcomings.

To provide a credible account of how well government is performing, public reporting by government must also compare actual performance against previously stated intentions. This reporting should focus on outcomes (the effect or impact on society), yet include other aspects of results such as outputs and costs. For example, governments may put money (costs) into training programs and offer

numerous courses (outputs), but the important question is to what extent that training leads to long-term, worthwhile employment (an intended outcome). In addition to reporting actual results, government should provide explanations for significant variances, as well as information on what action is being taken when performance has not met expectations.

Second, public reporting should cover all key aspects of performance, using a diversity of measures. Just comparing what government has achieved to what it intended is not enough. These results need to be understood within a broader context. Financial prudence and integrity is one area of interest, but so, too, is the degree to which government is responsive and cost-effective. Moreover, plans and results need to be assessed over the longer term. What is the likelihood, for example, that positive results can be achieved again?

In the public sector it is not just results that are important, it is also the manner by which those ends were achieved. Public sector values, such as fairness, equity, access and integrity must prevail when decisions are made about the programs and services that government offers. Therefore, viewing results through a diversity of measures that reflect those values will help ensure that performance is better understood and actions are not narrowly focused on only those matters that can be easily measured.

Third, public reporting must be comprehensive and required from all of government. Ministries, Crown corporations, universities, colleges, school boards, health bodies—all require improved public reporting.

Government's policy objectives are seldom the responsibility of a single organization. Much of what government does transcends the activities of individual ministries, corporations or agencies. Knowing the extent to which the objectives of a government are being achieved requires information at a collective or sectoral level, depending on the particular policy or initiative. This is why I would argue that public reporting should not be restricted to individual programs or organizations. Rather, it should also occur at a higher, more comprehensive level—addressing the state of our health care system, for example, or the success of initiatives intended to protect children in need.

This may not be an immediate priority, I realize, given the work to be done. Few government organizations, for

instance, have yet to provide timely and meaningful annual reports about their operations, let alone about the objectives and achievements they share with others. Still, some progress has been made in this area in British Columbia: examples include the Provincial Health Officer's Annual Report and the Ministry of Environment, Lands and Parks' publication, "Environmental Trends in British Columbia." What this well illustrates is that public reporting about a particular sector or initiative can be done and, I believe, is worthwhile.

The Legislative Assembly—Overseeing Government

If broader, results-focused public reporting characterizes an accountable government, what part does the Legislative Assembly have in supporting this? Well, a very important one. It is not enough for governments to report on their performance; legislators must have the opportunity to use the information they receive from government to assist them in asking questions that matter most to British Columbians.

There are various ways by which the Assembly can scrutinize government performance. Question period and the Estimates debates are two high-profile ways. Legislative committees are another less visible but potentially more effective way. In British Columbia, however, such committees are seldom used to the degree they could be. They are constrained from doing so by the rules that guide them. Although legislative committees are established under the same authority as the Legislative Assembly, in practice it is the government, with its support of the majority of elected members, which decides on the rules. Such rules encompass, for example, a committee's access to information, the issues to be referred to a committee and the scope of its review, when the committee can meet, and whether the chair of a committee will be from the Opposition or from government. In a number of other jurisdictions, legislative committees are given the mandate, resources and structure they need to hold government to account. Some standing committees, for example, are authorized to examine and report on the operations and performance of government organizations.

In 1996, British Columbia's Public Accounts Committee made several recommendations for improving the way legislative committees are used. Among its recommendations, the committee discussed the kind of information the Assembly should receive from government, the way in which legislative committees could effectively carry out

their oversight role, and the means by which the Estimates process could be improved. These recommendations were considered of such importance that the Public Accounts Committee referred them to the Legislative Assembly not once, but twice. Moreover, the committee suggested that, since the recommendations called for fundamental changes in the way the Assembly carries out its business, a legislative committee be struck to study the proposals further. Disappointingly, there has been no formal response from government to this suggestion and no action on the recommendations put forward.

I urge government to take the required steps to establish such a committee. I recognize that one does not change parliamentary practice lightly. That said, I am very supportive of the idea of establishing a Special Committee of the Legislative Assembly to review the proposals of the Public Accounts Committee and to make recommendations to the Assembly. An alternative to this might be to establish a committee of former Members of the Legislative Assembly to study the recommended proposals of the Public Accounts Committee as well as the rules governing the Province's legislative committees.

Audit—Serving the Accountability Relationship

The only way the Legislative Assembly can fulfill its role in holding government to account is if the government provides the Assembly with information about its performance and use of the public's funds. That information, however, must reliably and adequately express the results of the government's activities. Knowing that it does—an assurance obtained through the Assembly's auditor, the Auditor General—means that legislators can focus on the public policy debate rather than argue over the quality of the information government provides.

In British Columbia, the mandate of the Auditor General was established in legislation passed in 1976. As such, it represents the interests and wishes of the Legislative Assembly at that time. Much has changed since then, and the role of the Auditor General described in the Auditor General Act no longer reflects contemporary times. For example, in 1976 the expectation was that the Auditor General should look primarily at the accuracy of the government's financial statements and the propriety of its spending, including issues of economy and efficiency. Today, however, legislative auditors throughout the world are carrying out the more complex task of providing their

Assemblies with assurance on a broad range of information, including the results of government programs.

In my view, it is time for a new Auditor General Act, one that both reflects modern legislative auditing practice and supports the broader, more comprehensive public reporting governments in British Columbia will be providing.

Lots of Advice, But Little Change

Much advice has been offered, yet little has changed overall. Why is this?

I believe the answer resides in part with the “human factors” associated with change, such as incentives and perceptions of risk. For example, one concern among politicians and bureaucrats alike is that by being more specific and “up front” about what it achieves compared to what it planned, government would be exposing itself to criticism from the Opposition, media and interest groups.

I also sense a high level of discomfort from government around the idea of reducing central controls to give greater flexibility to those managing a results-based culture. While I agree that controls are still needed to promote consistency in the way government business is conducted, I would also maintain that rigid controls on budgeting, procurement and personnel management can be constricting in an environment that values results. Government managers may want to achieve their intended results in an innovative way, but, instead, may find themselves accountable for complying with a strict set of rules and regulations. By the same token, this does not mean that results should be achieved without regard for such public sector values as integrity, fairness, equity and prudence.

As well, it takes time and effort to make the kind of changes that I and others are recommending. It’s not painless. Undoubtedly, substantial costs (I believe they should be considered as investments) will be required to enhance information systems, restructure organizations, and develop and train staff. But what are the costs of not making these changes—maybe missed opportunities from not knowing what works and what doesn’t, or the cost of having an uninformed public? These are quite significant, I believe. But perhaps the greatest cost of all will be a continuing loss of public confidence in our governing institutions.

Putting Ideas Into Practice

Knowing that any process for change must overcome these hurdles may make the task daunting to some people. Yet, not only is change desirable, it is unavoidable. The public, it is generally acknowledged, is dissatisfied with the old ways of doing business. This criticism will not slacken. However, by moving now to embrace the approach that it has been advised to follow, government will be renewing credibility in our public institutions and helping restore public confidence in them. This I firmly believe.

So what must occur to get the process moving? In my view, the keys to progressive change are two-fold: the commitment and active support of our political leaders to want it to happen; and a modern legislative framework to make it happen.

Leadership Is Essential

Transformation of government won't occur in a vacuum. Clear leadership and commitment are essential at the political level to bring about the significant and widespread change that is needed. In those jurisdictions where public performance reporting has been improved, there have been "champions" at the highest political levels providing the leadership to ensure that change happens. This strong political support has yet to materialize in British Columbia. Without it, our public service cannot push ahead with the sort of reforms that other provinces and countries have been successful in undertaking.

I've recently been given to understand that government has accepted, in principle, the recommendations of the Budget Process Review Panel. This, I hope, is a signal that government intends to assume a leadership role and move ahead with the reforms. If so, I look forward to seeing an action plan in this regard.

Commitment and support is also necessary from top management within the public service. Certainly, I was encouraged by the early commitment of the Deputy Ministers to the "Accountability for Performance" initiative, but I have since been disappointed by the lack of follow-through. While I acknowledge the scattered examples of good effort from within the public service, I can only conclude that the initiative as a whole has not been a priority of government. Clearly, there needs to be a more consistent message from all levels—legislators, senior

managers, public servants in general—that this initiative is important.

I also believe that there must be more leadership from the strategic centre of the public service, in particular Treasury Board Staff. I've been concerned that within this central agency the "Accountability for Performance" initiative had become no more than a performance-measuring exercise. The promise of modern performance management for the province's public sector seemed to have been forgotten. Just recently, however, Treasury Board Staff has issued guidelines to ministries in preparing business plans for public release. As a first step, this is encouraging—assuming it comes to fruition. I believe what is needed is the leadership and direction required to drive change and improvement. To accomplish this, the focus needs to shift from that of administering procedures to that of leading change.

A Modern Legislated Framework is Needed

In addition to the leadership that has been essential for initiating accountability reform in other jurisdictions, legislation has proven to be a powerful tool in getting things done. In a government environment where priorities often shift, legislation conveys a clear and constant message. It sends to the public and the public sector a definite expression of the Legislature's interest. It also helps ensure that the accountability process it lays out endures beyond the term of any one government.

It's true that some aspects of government reporting are currently covered by legislation. For example, the Financial Administration Act and the Financial Information Act require certain financial reporting by government organizations. But, like the Auditor General Act, these pieces of legislation are outdated, providing only a narrow focus on government reporting. They do not call for the kind of information that would help inform both the public and legislators—the public reporting of plans, performance measures and results. Furthermore, the enabling legislation of most government organizations is unclear in its direction for reporting (even annual report requirements are vague). Although a few government organizations have recently been called upon to provide more comprehensive coverage in their reports, such legislative requirements have been the exception rather than the rule. They have also been imposed unevenly on organizations. It begs the question:

why are some government organizations more accountable by law than others?

The prevailing view thus far in the British Columbia government has been that the legislation should not be updated or expanded to drive the reform process. Rather, this view goes, legislation should follow actual practice once there is enough agreement about what the nature and extent of those reforms should be.

This approach has already been tested in British Columbia. In 1995, as part of the “Accountability for Performance” initiative, Deputy Ministers set out what they believed to be an effective process and workable timelines. Those timelines came and went, with few commitments being met.

I believe that although legislation is only part of the “tool kit” required to effect change, and that it can’t on its own be successful without the sort of leadership discussed here, the force of law can act as a powerful motivator and catalyst for action. In my view, what is now needed is broad-based accountability legislation that covers all of government. Only in this way—by requiring the same commitment and accountability from all organizations—can a level playing field be established for all participants.

A Call for Action

I believe that all governments would like to be (and be seen as) more open, transparent and accountable. The challenge is that change is difficult, risky and incremental by nature.

Nonetheless, the government has been shown the way ahead from a number of fronts, and it is now time to put these ideas into practice.

We’ve heard the government’s arguments for taking a slow and cautious approach to reform: that enhanced public reporting won’t be used constructively; that legislation isn’t necessary; that a phased-in approach is best. At the same time, we’ve also heard promises but seen little change: implementation plans devised by government but not followed through; recommendations brought to the Assembly but never fully considered; and, more recently, general acceptance by government of the recommendations made by its independent advisory panel on the Budget and Estimates processes, but uncertainty around the extent to which they will be adopted.

These arguments and promises just don't stand up anymore. Improving accountability is the right thing to do. And now is the time to do it. People have a right to know what government has achieved with their hard-earned money. They have a right to be informed about the government's performance. They have a right to open and accountable government.

The way ahead is clear. Improving accountability in the British Columbia public sector takes, first and foremost, leadership, and second, legislation. The time is overdue for action on both these fronts.

A handwritten signature in cursive script, reading "George L. Horfitt". The signature is written in dark ink on a white background.

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