



HOUSE OF COMMONS
CANADA

**CONSIDERING THE GOVERNMENT RESPONSE TO THE
TENTH REPORT OF THE 1st SESSION OF THE 38TH
PARLIAMENT**

**Report of the Standing Committee on
Public Accounts**

**Hon. Shawn Murphy, M.P.
Chair**

June 2006



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THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

FOURTH REPORT

Pursuant to Standing Order 108(2), the Standing Committee on Public Accounts has considered the Government response to the Tenth Report of the Standing Committee on Public Accounts tabled during the First 1st Session of the 38th Parliament. The Committee as agreed to re-table this Report as follows:

On 10 May 2005, the Standing Committee on Public Accounts tabled a report (10th Report, 38th Parliament: *Governance in the Public Service of Canada: Ministerial and Deputy Ministerial Accountability*) in which it presented its conclusions and recommendations with regard to the accountability of ministers and deputy ministers. Tabling of this report represented the final step after a series of meetings with expert witnesses to discuss and carefully consider one of the pillars of Canadian parliamentary democracy: ministerial accountability.

This study was prompted by the Committee's lengthy investigation of the Sponsorship Program during the final session of the previous (37th Parliament) during which persistent efforts to find out who was responsible – and thus accountable – for the Program and the abuses that occurred under it were frustrated. The Committee determined, as a result, that the subject of ministerial accountability deserved a more profound examination and – because the relationship between the minister and the senior public service official in charge of the department that managed the Program (Public Works and Government Services Canada) was a key aspect – the accountability of deputy ministers was considered as well.

The Committee and its witnesses worked hard to establish a better understanding of accountability and to identify ways in which it could be strengthened. In its Report, which was adopted unanimously, the Committee offered a series of recommendations that it believed would clarify accountability relationships and help prevent the occurrence of the kinds of problems that plagued the Sponsorship Program.

Following tabling, the Committee expected to receive a response from the Government that reflected both the serious nature of the subject matter and the time and effort spent developing a series of constructive proposals aimed at improving Canadian government.

On 17 August 2005, the Government issued its response. The Committee's first reaction was disappointment; that impression has not diminished with the passage of time or a change in the composition of the Committee's membership. Furthermore, the Committee notes that in its response, the Government indicated that it was constrained by the ongoing commission of inquiry led by Justice John Gomery and that a more detailed response would have to await the commission's report. That report has now been produced.

Having therefore considered the Government response to the Committee's Tenth Report of the 38th Parliament, the Committee respectfully re-submits the recommendations first made in that Report. Accordingly, the Committee recommends:

RECOMMENDATION 1

That deputy ministers be designated as accounting officers with responsibilities similar to those held by accounting officers in the United Kingdom. Features of this arrangement must include, but not limited to, the following:

- The personal duty of signing the financial accounts described in his or her letter of appointment.**
- The personal responsibility for the overall organization, management and staffing of the department and for department-wide procedures in financial and other matters.**
- Ensuring that there is a high standard of financial management in the department as a whole.**
- Personal responsibility for all powers and authorities either delegated or directly held.**
- Ensuring that financial systems and procedures promote the efficient and economical conduct of business and safeguard financial propriety and regularity throughout the department.**
- Ensuring that the department complies with parliamentary requirements in the control of expenditure with particular attention ensuring that funds are spent only to the extent and purposes authorized by Parliament.**
- As accounting officers, the personal responsibility of deputy ministers for negligence and wrongdoing does not diminish over time.**

RECOMMENDATION 2

That as accounting officers, deputy ministers be held to account for the performance of their duties and for their exercise of statutory authorities before the House of Commons Standing Committee on Public Accounts; and

RECOMMENDATION 3

That the following procedures be adhered to when deputy ministers (as accounting officers) are in disagreement with their ministers regarding administration and operation of their departments:

- 1. The deputy minister must inform the minister if he or she has objections to a course of action proposed by the minister.**
- 2. If the minister still wishes to proceed, the deputy minister must set out his or her objections to the course of action in a letter to the minister stating the reasons for the objections and the deputy minister's duty to notify both the Auditor General of Canada and the Comptroller General of Canada.**
- 3. If the minister still wishes to proceed, he or she, must instruct the deputy minister in writing to do so.**
- 4. If instructions to proceed are received in writing, the deputy minister must send copies of the relevant correspondence to both the Auditor General of Canada and Comptroller General of Canada.**

RECOMMENDATION 4

That the government endeavour to retain deputy ministers in their positions for periods of at least three years; however their responsibilities are in no way diminished should their tenure be less than the recommended three years.

REQUEST FOR GOVERNMENT RESPONSE

In accordance with Standing Order 109, the Committee requests that the Government table a comprehensive response to the report.

A copy of the relevant *Minutes of Proceedings* ([Meetings No. 5 and 9 including this report](#) is tabled).

Respectfully submitted,

Hon. Shawn Murphy, M.P.
Chair

MINUTES OF PROCEEDINGS

Meeting No. 9 Tuesday, June 13, 2006

The Standing Committee on Public Accounts met at 11:02 a.m. this day, in Room 209, West Block, the Chair, Shawn Murphy, presiding.

Members of the Committee present: David Christopherson, Brian Fitzpatrick, Mike Lake, Hon. Shawn Murphy, Richard Nadeau, Yasmin Ratansi, David Sweet, John Williams and Borys Wrzesnewskyj.

Acting Members present: Hon. Navdeep Bains for Marcel Proulx, Marc Lemay for Benoît Sauvageau and Jeff Watson for Pierre Poilievre.

In attendance: Library of Parliament: Brian O'Neal, Analyst; Alex Smith, Analyst.

Witnesses: Department of Indian Affairs and Northern Development : Michael Wernick, Deputy Minister.

Pursuant to Standing Order 108(3)(g), the Committee commenced consideration of Chapter 5, Management of Programs for First Nations of the May 2006 Report of the Auditor General of Canada referred to the Committee on May 16, 2006.

Michael Wernick made statement and answered questions.

At 11:51 a.m., the sitting was suspended.

At 11:55, the Committee resumed sitting *in camera*.

The Committee commenced consideration of draft reports.

It was agreed, — That the draft report on Considering the Government Response to the Tenth Report of the 1st Session of the 38th Parliament be adopted as the Fourth Report of the Standing Committee on Public Accounts.

That the Clerk and analysts be authorized to make such editorial and typographical changes as necessary without changing the substance of the Report.

That the Chair be authorized to table the Report in the House.

That, pursuant to Standing Order 109, the Committee request that the Government provide a comprehensive response to this Report.

It was agreed, — That the draft report, as amended, on the 2006-2007 Main Estimates and Performance of the Office of the Auditor General of Canada be adopted as the Fifth Report of the Standing Committee on Public Accounts.

That the Clerk and analysts be authorized to make such editorial and typographical changes as necessary without changing the substance of the Report.

That the Chair be authorized to table the Report in the House.

That, pursuant to Standing Order 109, the Committee request that the Government provide a comprehensive response to this Report.

At 1:02 p.m., the Committee adjourned to the call of the Chair.

Danielle Bélisle
Clerk of the Committee