



**Office of the Treasury Board
Communications Branch**

Standing Committee on Estimates

**Minister's Briefing on
TBS as a Central Agency &
Value for Money/ Evidence-Based Decision
Making**

September 19, 2017

For Internal Use Only

Overview



TBS' mandate is to focus on strengthening the openness, transparency and accountability of government, working to get the best possible value for money, and improving public services for Ontarians.

This deck provides an overview of some of TBS' key functions that underpin its mandate:

1. Enabling evidence-based decision making and ensuring value for money of public services

- Setting expectations through The Framework for Evidence-Based Decision Making, Enterprise Risk Management Framework, and IT Governance;
- Reinforcing these standards through processes like the Program Review, Renewal and Transformation (PRRT), and building a foundation of evidence through program inventories and key performance indicators (KPIs);
- Supporting ministries to meet expectations through advisory and technical supports like behavioural insights to improve outcomes and internal audit to improve accountability

2. Ensuring rigour in decision making processes

- TB/MBC decision making

3. Ensuring transparency and accountability

- TBS' role as a central agency, providing accounting expertise to line ministries

1. Enabling Evidence Based Decision Making and Ensuring Value for Money

(See Appendix 1 for Specific Examples That Can Be Referenced As Success Stories)

Enabling Evidence-Based Decision Making



Evidence-based decision making is about:

- Using the best available analytics, research and information on program results to guide government decisions.
- Identifying what works while:
 - highlighting gaps where evidence of program effectiveness is lacking,
 - enabling policymakers to use evidence in budget and policy decisions, and
 - relying on administrative and data systems to monitor implementation and measure key outcomes, using the information to continually improve program performance.
- Recognizing the complexity of the problems government is trying to solve.



The Benefits of Evidence-Based Decision Making



Evidence-based decision making helps governments determine:

1. Strategic Alignment: Are the right things being done?

- Are we meeting the needs of the clients/Ontarians?
- Are we providing the right services to the right clients?
- Is there evidence for the policies and programs we currently provide?

2. Impact: Are we doing things in the right way?

- Are policies/programs achieving intended outcomes and impacts?
- What are the costs and benefits of programs?
- Are we continuously improving in terms of program options, program design and service delivery?

3. Learning: Could we be doing better?

- Should we continue to do the things we are doing?
- How can we reflect “on the ground experience” when improving programs?
- Should resources be allocated differently to support the most effective programs?

Making Better Use of Evidence in Decision-Making



TBS sets and upholds expectations for the rigour of decision-making in a number ways.

This starts with a clear and explicit focus on the use of evidence through guidance and tools, like the:

- **Framework for Evidence-Based Decision Making,**
- **Enterprise Risk Management Framework,** and
- **IT Governance.**

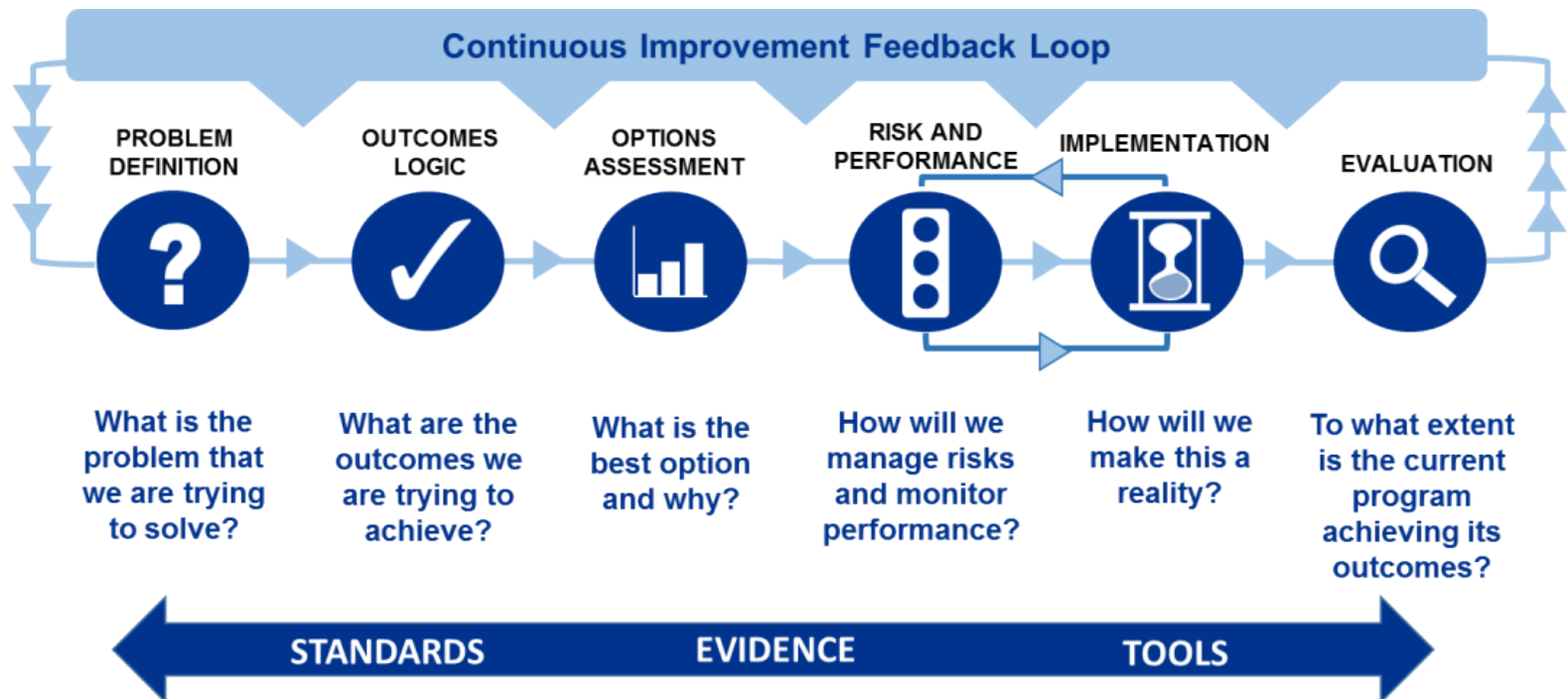
It is reinforced through systematic and structured decision-making processes, like the **PRRT**, and building a strong foundation of evidence about government programs through **key performance indicators** and **program inventories**.

TBS supports ministries to do this through technical and advisory services, like the:

- **Behavioral Insights Unit,** and
- **Ontario Internal Audit Division.**

The OPS Framework for Evidence-Based Decision Making

The OPS Framework for Evidence-based Decision Making is a practical roadmap that [embeds the core elements](#) of evidence-based decision making into the work of government.



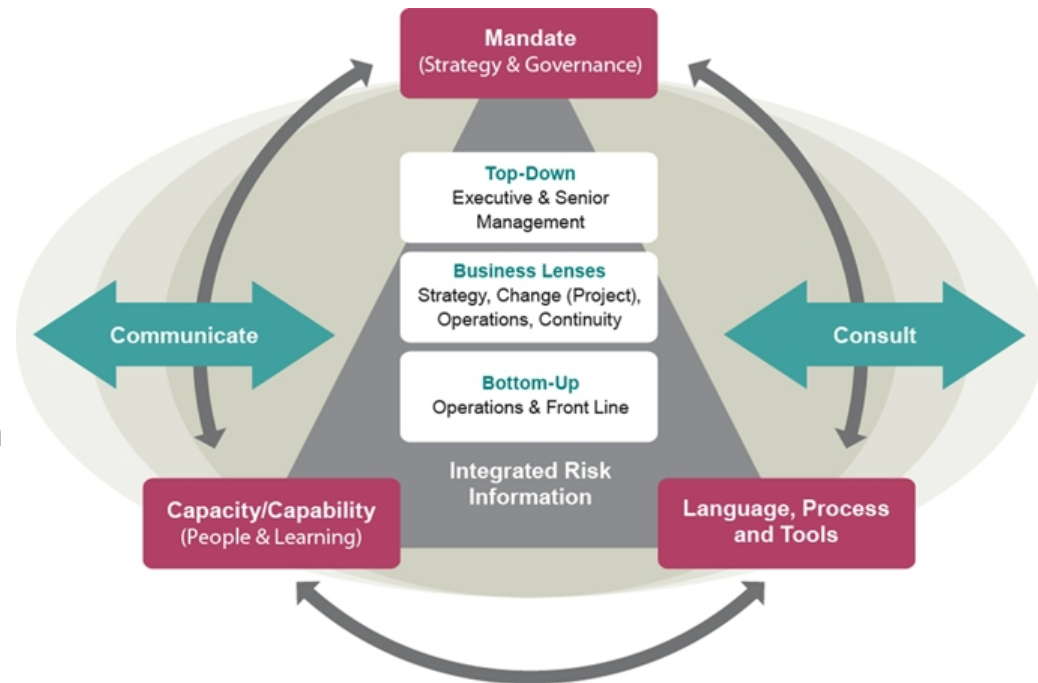
Data, analysis and evidence have a key role to play in every step of the policy and program development, delivery and evaluation process.

Enterprise Risk Management (ERM) Framework

The government has developed an enterprise-wide framework to support the achievement of provincial objectives and outcomes through the enterprise-wide acceptance and integration of risk management into the decision-making and planning processes of Ministries and Provincial Agencies.

The framework provides an overarching structure that is being utilized to embed the management of risk into decision-making and organizational processes in support of the achievement of objectives.

The goal is to ensure early identification risks (ranging from policy, financial and operational) to ensure proper risk mitigation strategies are in place.



The analysis of risk is a key piece of evidence and has a key role to play in every step of the policy and program development, delivery and evaluation process.

IT Governance



The IT Governance Branch has been established within the Office of the Treasury Board to:

- Improve capacity, transparency and innovation in I&IT governance and delivery
- Promote the most efficient operating environment possible;
- Modernize and enhance transformation oversight by strengthening core functions and establishing clear accountabilities;
- Establish and enhance the many linkages and connections that enable success and a better understanding of interdependencies; and
- Maximize the value, relevance and sustainability of our investments and the program benefits they help to realize.

PRRT

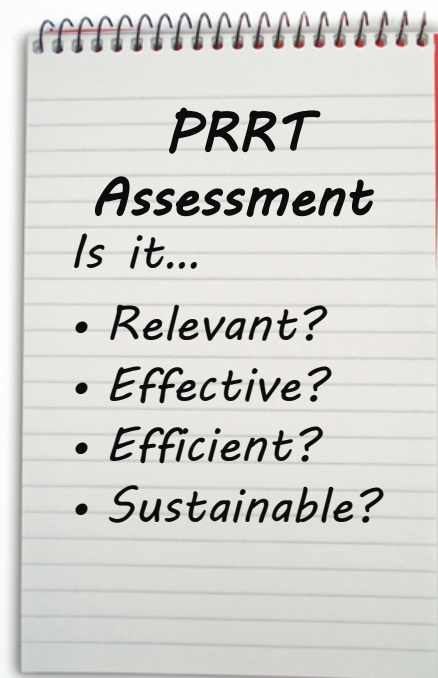


Program Review, Renewal and Transformation (PRRT) is both the Ontario government's ongoing fiscal planning and expenditure management approach and a continuous review of programs.

PRRT is led by the President of the Treasury Board, working closely with the Minister of Finance.

Focused on achieving better outcomes for Ontarians through:

- Examining how every government dollar is spent
- Using evidence to inform better choices and improve outcomes
- Looking across government to find the best way to deliver services
- Taking a multi-year approach to find opportunities to transform programs and achieve savings



The PRRT has shifted the focus from incremental changes in individual ministry programs to a ‘one-government’ approach to delivering better outcomes for Ontarians, supported by a decision-making process that is evidence-based and encourages horizontal collaboration.

Key Elements of PRRT Include:

1. Developing an **inventory** of ministry programs aligned with the government’s priority outcomes
2. Establishing **key performance indicators** (KPIs) for each ministry to track progress towards strategic objectives and support continuous improvement
3. Undertaking **assessments** of all ministry programs, and identify opportunities for modernization, transformation and efficiencies
4. Developing multi-year ministry spending **plans** for TB/MBC review and approval

PRRT: KPIs and Program Inventories



TBS is building a solid foundation of evidence about public services and their performance through the PRRT.

KPIs serve two key purposes:

- **Drive progress** by focussing on outcomes and strategic priorities, and make progress visible;
- **Highlight areas where progress is limited**, so that the programs can be evaluated and redesigned to support continuous improvement.

Through the PRRT, TBS is working with ministries to establish strong KPIs that will form the basis for government-wide accountability measures and demonstrate the impact of investments in the province.

Along with these performance measures, the PRRT includes a focus on ensuring a clear line of sight into all government programs and initiatives (base spending)

- The program inventory provides an understanding of the services offered across the province from multiple perspectives – considering their end beneficiaries, service delivery models, geographic focus, etc.

Improving Outcomes through Behavioral Insights



TBS' Behavioural Insights Unit (BIU) is applying innovative approaches to improve outcomes at low or no cost. The Unit aims to improve the effectiveness of government policies, programs & services.

The Role of the BIU

*The ultimate
Behavioural Insights
vision is for all
government policies,
programs and
services to be human
-centric and
supported by
evidence, leading to
improved outcomes
for Ontario's citizens.*

Ontario Internal Audit Division (OIAD)'s Role



- OIAD provides assurance, advisory and investigative services that support the achievement of government priorities and ministry specific objectives.
- Focus of OIAD's work is to support ministries with proactive identification of risks that may impact key business objectives, and to help inform strategic initiatives to ensure key risks are addressed.
- In Ontario, the Office of the Auditor General of Ontario (OAGO) conducts extensive Value-for-Money (VFM) audits annually.
- At the same time, OIAD conducts audits that often contain key VFM elements, such as:
 - Reviewing key projects to determine whether they are on track and on budget (e.g. I&IT Projects)
 - Assessing the effectiveness with which ministries are in compliance with key legislation, directives, and policies
 - Reviewing the existence of sound evidence that supports informed decision-making for key priorities
 - Monitoring OPS progress in addressing key recommendations raised in VFM audits performed by the Auditor General
 - Supporting TBS and ministries by providing advice/support on the PRRT process and planned program reviews (i.e. existence of risk and performance indicators)

2. Ensuring Rigour in Decision-Making Processes

Treasury Board and Management Board of Cabinet (TB/MBC)



- Treasury Board (TB) and Management Board of Cabinet (MBC) is a Committee of Cabinet that consists of Ministers and Advisors; and is known as TB/MBC.
- TB/MBC decisions are broken down as **money (TB)** and **resources and people (MBC)**.
- **TB/MBC** authority is established under the ***Financial Administration Act (FAA)*** and the ***Management Board of Cabinet Act (MBC Act)***.
 - Specify powers, duties, membership and quorum.
 - Provide the Board with flexibility to determine their own management approaches and operational procedures.

TB/MBC Decision Making



Treasury Board

Provides leadership on the management of the **government's financial resources** in support of the government's fiscal policy priorities

- **Key role** is managing overall government spending within allocations approved in the Estimates

TREASURY BOARD DECISIONS:

- **In-year spending changes**
- **Annual PRRT plans**
- **Quarterly expenditure management**
- **Non-tax revenue** – new proposals and changes to fees and charges
- Disposition or acquisition of **government property**
- **New programs** including establishment, consolidation, changes to and/or elimination
- **Remuneration** of appointees.
- **Regulations and legislation** with financial/fiscal implications.

Management Board of Cabinet

Provides leadership in running the **operations of government and managing the public service** (governance).

MANAGEMENT BOARD DECISIONS:

- **Corporate governance policies and directives** (approval and exemptions).
- **Agency governance and accountability**
- **Human resources** and administrative management (under the Public Service of Ontario Act)
- **Changes to ministry staffing** allocations
- **Bargaining mandates** and approval/implementation of negotiated settlements.
- **Procurement or IT projects** valued at \$20 million or greater.
- Non-appointment **OICs**, regulations and legislation with human resource implications.

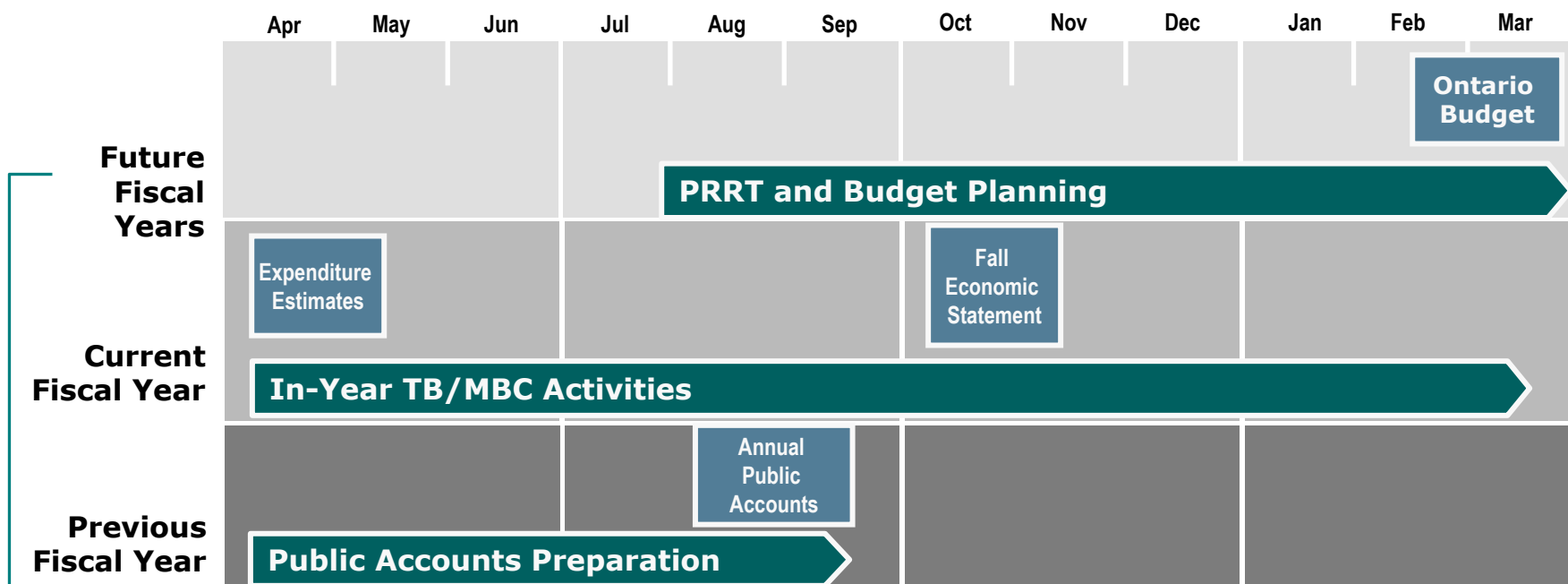
TBS Support for TB/MBC



- **Multi-year fiscal planning** – Supports the development and implementation of the government's fiscal plan, including providing advice on PRRT process, objectives, expense management tools and/or options.
- **Due diligence** – Analyse and make recommendation on the allocation of public funds through ministries' annual multi-year plans and in-year submissions to TB/MBC and other committees of Cabinet.
- **Oversight** – Ensure that decisions are in keeping with the government's legal spending authority, and address the government's key priorities.
 - This includes ensuring that the government has the legal spending authority to meet its obligations.
- **Public Reporting** – Working with the Ministry of Finance, to develop, monitor and report on the fiscal plan and results through the Ontario Quarterly Finances, the Economic Outlook and Fiscal Review (Fall Statement), the Ontario Budget, Expenditure Estimates and Supplementary Estimates.

PRRT and Fiscal Planning

At any point in time, the government is considering its plans for the future, the current fiscal year, and the previous year's results



- ✓ Ministries prepare multi-year business plans through PRRT
- ✓ Plans are presented to Treasury Board /Management Board of Cabinet for consideration
- ✓ The Provincial fiscal plan is developed based on ministry submitted plans and other information
- ✓ Once the fiscal plan is complete, the Budget is presented to the Legislative Assembly of Ontario

3. Ensuring Transparency and Accountability

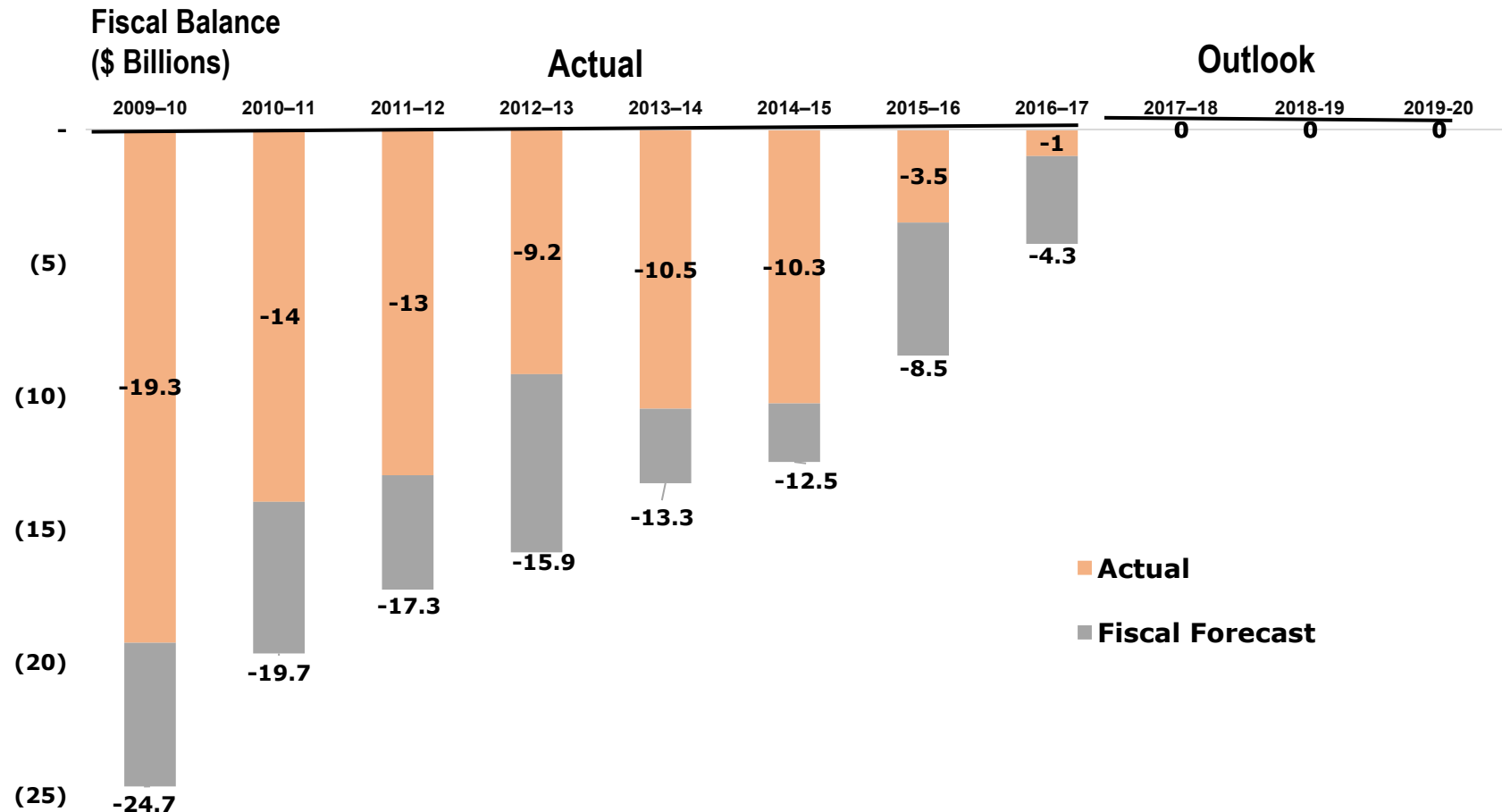
- The Province continues to strengthen its financial management, ensure clear and consistent accounting practices, enhance oversight and accountability, and provide better data and information to the public through more channels.
- The Office of the Provincial Controller Division (OPCD) plays a key role in ensuring this transparency and accountability in the Province's financial reporting through its major functions, including:
 - Providing the OPS and Broader Public Sector with accounting and financial management policy and controllership advice;
 - Maintaining the Public Accounts and preparing the Annual Report and Consolidated Statements and the Public Sector Salary Disclosure;
 - Liaising with the Auditor General of Ontario, as well as other jurisdictions and the Chartered Professional Accountants of Ontario and Canada, on the development of government accounting standards;
 - Supporting the development of financial management and controllership capacity across the OPS; and
 - Supporting the modernization of government by improving the efficiency, effectiveness, and integrity of its financial systems and processes.

Transparency and Accountability in Financial Reporting



- The Province's financial reports are prepared in accordance with the accounting principles for governments recommended by the Public Sector Accounting Board.
- C.D. Howe, an independent research organization supporting economically sound public policies, has recognized that Ontario's practices, which align the Budget, Estimates and financial reporting, demonstrate a high level of accountability and transparency; however, a qualified audit opinion in 2015-16 precluded overall high marks last year.
- The 2016-17 Public Accounts were qualified on two items, including accounting for pension assets, and the Independent Electricity System Operator accounting for market accounts (see Appendix 2 for details).

Path to Balance - Track Record of Meeting & Exceeding Fiscal Targets



¹ Represents the 2017 Budget outlook for 2017-18 to 2019-20. For 2009-10 to 2016-17, actual results are presented. The 2015-16 actuals have been restated to reflect recognizing jointly sponsored net pension assets for the Ontario Public Service Employees' Union Pension Plan and the Ontario Teachers' Pension Plan on the Province's financial statements, consistent with the 2016 Budget and as described in the 2016-17 Third Quarter Finances.

² Forecast for 2009-10 is based on the 2009 Ontario Economic Outlook and Fiscal Review, 2010-11 to 2013-14 is based on the 2010 Budget; 2014-15 is based on the 2014 Budget; 2015-16 is based on the 2015 Budget.

Key Messages



- [this section to be completed by TBS Comms Branch]

Key Issues



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Questions & Answers



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APPENDIX 1: Examples of EBDM / Better Outcomes and/or Value for Money



Government Modernization

- Digital Action Plan
- ServiceOntario
- I&IT



Sector Transformation

- Managing Health Care Spending & Growth,
- Benefits Transformation



Program Effectiveness and Sustainability

- Postsecondary Student Financial Assistance (OSAP) Reform,
- Basic Income Pilot
- Service Fees & Non-Tax Revenue

Appendix 1: BIU Success Stories



Organ and Tissue Donation

Summary

- **Problem:** 85% of Ontarians support organ donation. Yet only 26% are registered organ donors.
- **Behavioural Insight:** Small 'hassle' factors (i.e., confusing form) can prevent people from following through on their intentions.
- **Solution:** Modify paper registration form to make process easier.



Results:



143%

increase

in organ and tissue donor registrations

450,000

new registrations

expected per year if rolled out province-wide



2.5 minutes

saved per organ and tissue transaction



\$2,700 spent

(\$1,200 of which was a one-time cost)

Appendix 1: BIU Success Stories



E-Service Adoption

Summary

- **Problem:** 84% of Ontarians report interest in government e-services, yet four years after development only 10% of licence plate stickers were renewed online.
- **Behavioural Insight:** People are not made aware of the online channel at key moments
- **Solution:** Modify design of paper reminder to make online channel more salient



Results:



42%
increase in the
number of online
renewals

13,057 more
renewals were
completed
online



12,347
more stickers
were renewed
on time
= \$1.6 million more
in 90 days

\$28,053 saved
through shift to
online renewals



\$612,196
potential savings
annually if implemented
province-wide



\$0.00
spent
to run the pilot

Appendix 1: BIU Success Stories



Tax Collection

Summary

- **Problem:** Employers who delay paying the Employer Health Tax face mounting penalties, but 9% pay late each year
- **Behavioural Insight:** Giving people clear information about how, where and when to do a task can increase follow-through
- **Solution:** Modify design of paper notice to make next steps very clear



Results:

Appendix 2: Accounting for Pension Assets



- Ontario Public Service Employee's Union Pension Plan (OPSEUPP) and Ontario Teachers' Pension Plan (OTPP) are jointly sponsored pension plans (JSPPs) where the Government of Ontario is a co-sponsor.
- Under PSAB standards, an asset arises when the government's total contributions to a plan, including interest earned thereon, are greater than the pension expense recognized since the start of the plan.
- The Province has shared control over the pension plan and the existing agreements in place between the sponsors support the recognition of the pension asset.
- Since 2001-02, the Province's share of pension assets reflected on the audited consolidated financial statements of the Province has been based on a policy considered to be consistent with PSAB standards related to accounting for retirement benefits.
- The professional staff's interpretation of PSAB standards is supported by the Pension Asset Expert Advisory Panel report released in February, 2017.
- The qualified opinion on our Public Accounts issued by the Office of the Auditor General is the subject of a difference in professional opinion on the application of public sector accounting standards.

Appendix 2: Independent Electricity System Operator



- Independent Electricity System Operator (IESO) is a corporation established pursuant to Part II of the Electricity Act, 1998, formed by way of a merger of the previous IESO and the Ontario Power Authority (OPA) in 2015.
- IESO administers a \$17 billion annual electricity market reflecting the amounts due to entities that provide electricity to the market (e.g. power generators) and due from entities who consume electricity (e.g. local distribution companies on behalf of their consumers).
- In 2015, the IESO did not report the accounting for the market accounts, but changed in 2016 to recognizing these amounts due from and due to the market participants as assets and liabilities respectively, as IESO is a party to these agreements with the market participants.
- Prior to 2015, the OPA included similar market accounts in its financial statements, and received an unqualified opinion by its external auditor, KPMG LLP, who currently audits IESO's financial statements. KPMG LLP issued an unqualified opinion on the December 31, 2016 financial statements.
- The amounts due from market participants meet the definition of an asset and the amounts due to market participants meet the definition of a liability under PSAB standards, under which the IESO prepares its audited financial statements.