

SERIAL 4

Portfolio Coordination

Portfolio coordination is a process used by Ministers to ensure that all organizations within the set of federal institutions (Department, Agencies and Crown Corporations) assigned to them work together while respecting statutory authorities, including any necessary degrees of independence. The aim is to bring greater coherence to the Government's role in a particular sphere of activity through better coordination between departments and agencies with similar missions as to ensure that the Portfolio as a whole is responsive to the Government's strategic directions.

~~The Minister's role in the Portfolio is to establish the strategic policy frameworks, priorities and broad objectives within which Portfolio members carry out their activities. Supporting the Minister in portfolio governance and coordination is the Deputy Minister. Through the Management Accountability Framework, Treasury Board is placing increased emphasis on Portfolio governance and coordination. The Privy Council Office is also directing government-wide adherence to Portfolio coordination in accordance with the *Federal Accountability Act*. To address these requirements, DND, has established a Portfolio Governance and Coordination section under the Director General Shared and Corporate Services division, which is part of the Associate Assistant Deputy Minister (Finance and Corporate Services) Group.~~

~~The Defence Portfolio comprises the Department of National Defence and Canadian Forces and eight distinct portfolio organizations including:~~

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- ~~• National Search and Rescue Secretariat (NSS);~~
- ~~• Canadian Forces Grievance Board (CFGGB);~~
- ~~• Military Police Complaints Commission of Canada (MPCC);~~
- ~~• Office of the National Defence and Canadian Forces Ombudsman;~~
- ~~• Communications Security Establishment Canada (CSEC);~~
- ~~• Office of the Chief Military Judge (CMJ);~~
- ~~• Office of the Communications Security Establishment Commissioner (OCSEC); and~~
- ~~• Defence Research and Development Canada (DRDC).~~

~~The CF includes the Environmental Commands (Navy, Army and Air Force), and Operational Commands (CANADACOM, CEFCOM, CANSOFCOM, and CANOSCOM) as well as the following support organizations and services:~~

- ~~• A police service, comprising the Military Police and the National Investigation Service, operating under the Canadian Forces Provost Marshal;~~

- ~~A justice system, administered under the superintendence of the Judge Advocate General;~~
- ~~Chaplaincy services;~~
- ~~Extensive communications networks in Canada and abroad;~~
- ~~Firefighting services;~~
- ~~Medical and dental services because CF members are excluded from both the *Canada Health Act* of 1984 and the Public Service Health Care Plan;~~
- ~~The Canadian Cadet Program and the Junior Canadian Rangers;~~
- ~~The Canadian Defence Academy;~~
- ~~The Canadian Forces Grievance Authority;~~
- ~~The Canadian Forces Housing Agency; and~~
- ~~The Canadian Forces Personnel Support Agency.~~

~~Together, the diverse elements of the Defence Portfolio provide the core services and capabilities required to defend Canada and Canadian interests, and form an important constituency within the broader Canadian national security community.—~~

The relationship differs between DND and each of the Portfolio organizations, therefore, the level of service provided to each will vary accordingly. Each organization has varying needs and responsibilities so they must be treated fairly but differently from one another. These reporting arrangements are designed to ensure accountability while maintaining an “arm’s-length” relationship. This difference in associations is not unlike that of Portfolios in other government departments.

SERIAL 72 (aligns with Serial 66d of the 2009 RPP)

Stewardship / Comptrollership/ Financial Management

The Department of National Defense maintained its strong financial compliance control framework with fine-tuning of specific contract or program control frameworks or responsibility centre manager processes and procedures where the need was identified as a result of compliance and audit observations. Work progressed on the Department Audited Financial Statements Project and work-plans were approved for all activities including the three key areas of inventories, assets and general IT controls. ~~High quality departmental reporting to central organizations was maintained and the Department’s support of the Public Accounts of Canada audit assisted in the Government of Canada receiving another unqualified audit opinion from the Auditor General~~

Corporate Submission Process

The Department revamped the DND Corporate Submissions Process in 2007 into an integrated, comprehensive end-to-end process that combines the Project Approval Process and the Corporate Submissions Process. This includes capital submissions (equipment and construction), regulatory and all other types of submissions seeking Ministerial, Treasury Board and Governor in Council approvals. The process brings a disciplined and standard approach to submissions development. This major renewal effort undertaken by the Director Strategic Corporate Services necessitated the combined efforts of various organizations and required detailed changes to processes, procedures and systems throughout the Department. It has already produced a 3.3 months time savings from beginning to end. The Department will fully implement the DND Corporate Submissions Process in 2008-2009.

~~The streamlined process fosters a culture dedicated to a seamless, shared commitment to processes and behaviours that result in tangible improvements and efficiencies in the flow of submissions, from the identification of a need to expenditure approval for implementation of projects. The process brings a disciplined and standard approach to submissions development. The consistent look and feel and quality standards, the comprehensive strategic analysis as well as the challenge and validation function necessary to the exercise of due diligence ensure that all levels of review and approvals are completed in accordance with the requirements of the Department, Treasury Board Secretariat policies, recently revised Treasury Board Secretariat guidelines, and in particular the standards dictated by the Management Accountability Framework (MAF).~~

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Access to Information

The number of requests received by National Defence under the *Access to Information Act* has quickly outpaced the resources, resulting in a backlog and delays for applicants. The complexity and sensitivity of the subject material being requested relating to operations such as those in Afghanistan has added to the difficulty responding to requests in a timely manner, as has the limited pool of experienced ATIP employees. Also, the limited pool of experienced ATIP employees as a result of number of departments vying for a limited pool of experienced ATIP employees is another aggravating factor. Additional staff has been hired and organizational changes have been implemented in the past year but it has been insufficient to keep up with demand. National Defence is committed to regaining its position as a leader in the ATIP community by addressing current shortfalls through short-term and long-term strategies. Hiring additional

experienced ATIP personnel and the creation and implementation of a Professional Development Program for entry-level employees are two such strategies. National Defence is also committed to the acquisition of a new software system as well as new hardware for the processing of Access requests. The exploration and implementation of new strategies continues but substantial improvement to response times and backlog reduction is realistically a few years off.

Business Continuity Planning

In accordance with the Government Security Policy (GSP), all departments must establish a Business Continuity Planning (BCP) Program to provide for the continued availability of services and associated assets that are critical to the health, safety, security and economic well-being of Canadians, or the effective functioning of government. ~~As outlined in the DM/CDS BCP Initiating Directive promulgated in January 2007, the~~ establishment of a DND/CF-wide BCP Program and the development of a comprehensive departmental Business Continuity Plan ~~are is a~~ high priorities ~~of the DM and the CDS,~~ and ~~as such,~~ significant progress has been achieved during the past year.

The DND Corporate-Level Business Impact Analysis (BIA) was completed in May 2007 and the Level 1 BIAs were received in October 2007. The DND Corporate-level Business Continuity Plan for its critical operations and services was completed in draft form and promulgated 11 January 2008. This Plan includes provisions for regular testing, evaluation and continuous maintenance. The Level 1 organizations have been instructed to submit their draft BCPs by the end of May 2008. Once these BCPs have been received they will be analyzed to account for gaps, overlaps and interdependencies. This will lead to a rationalization exercise to adjust the BCPs at both the Level 1 and Corporate levels as required, followed by a determination of BCP-related resource requirements to be eventually included in the Business Planning cycle.

~~The BCP Program continues to be a priority of senior management. DND schedules regular Steering Committee meetings (the Defence Management Oversight Committee, comprised of ADMs and military equivalents) and they receive regular update reports on the status of the DND/CF BCP development and more formal briefings when endorsement/approval is required. Likewise, the DM, VCDS and ADM(Fin CS) have been kept updated on BCP progress and issues that have arisen. Another indicator of the priority accorded the BCP Program is the aggressive timeline for the submission of the ADM-level BCP drafts. Also, there are plans to establish a permanent BCP Secretariat to coordinate BCP activities within the DND/CF.~~

International Financial Linkages:

International financial linkages were re-inforced and broadened. ADM(Fin CS) participated in the ongoing Defence SFO Colloquium series, co-hosted in March 2008 by New Zealand and Australia. High level bi-lateral contacts were also established with Singapore and Denmark, the latter expected to be the start of a regular high level SFO contacts among NATO members. The focus of these discussions has been around the

| issues of public sector accounting rules, resource [allocation](#) challenges, and accountability and governance structures. Lessons learned continue to be shared among participating nations, with increasing staff level contacts being exploited.

Financial Decision Support:

The Department has continued development of its Financial Decision Support (FDS) system to provide more up-to-date and relevant financial information to Departmental managers. Prior to the introduction of FDS, Level 1 Comptrollers were provided, on a periodic basis, with a series of Departmental budget, planned spending, expenditure and trend reports. These reports were the result of manually created and labour-intensive spreadsheets. FDS now provides these reports on-line, on demand, and on a daily basis allowing better financial information, timelier decision-making and more effective use of time analyzing information rather than creating it.

FDS has also developed a means to breach a deficiency between the Departmental financial coding structure and the Department's Program Activity Architecture. . It now is able to provide the inputs required for the production of the DND's monthly Trial Balance, as well as inputs into the ARLU, DPR and RPP in accordance with the Department's PAA.

Accrual Accounting

Departmental appropriations are provided on the modified cash basis used for reporting and accountability to Parliament. However, recent federal budgets have instituted a second ~~subordinate~~ basis of control over appropriated funds, called the accrual basis. In this second system, control is achieved by using an expense ceiling based on accrual expenses rather than cash expenditures. Capital projects funded specifically from Budget 2005, Budget 2006 and Budget 2007 are subject to both the cash appropriation control and the accrual control.

In keeping with modified cash and accrual fiscal control and reporting, this report will present information on planned, forecast and actual spending on accrual budget capital projects for fiscal year 2007-2008 in Section X.