Office of the Auditor General of Ontario

Business Case Development in the Ontario Public Service

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1.0 Summary

In the Ontario government, ministries are generally required to submit a business case to the Treasury Board/Management Board of Cabinet (Board), a committee of Cabinet, when they are seeking a change to operations, organization, activities and spending that goes beyond the scope of their annual business plan (which includes ministries' total approved annual expenditures). In 2019/20, approximately $3.4 billion in additional expenditures was approved outside of ministries' annual business plans through in-year business cases submitted to the Board, which presently includes the President of the Treasury Board (Board Chair), Minister of Finance (Board Vice-chair) and six other Cabinet Ministers.

Business cases provide the information necessary for the members of the Board to make an informed, evidence-based decision. They are a record of the decision-making process, and they can be key resources for the entirety of a project/program's life cycle.

Given the financial significance of these decisions, the Board requires that all requests be accompanied by a "robust business case," which includes an evaluation of alternative options, sufficient evidence in support of the proposed option, a clear identification and analysis of costs, an assessment of risks and proposed mitigation, and plans for implementation and performance measurement. Inadequate or incomplete business cases can pose a serious risk to the province in achieving value for money.

The Treasury Board Secretariat (Secretariat) provides ministries with guidance on the preparation of business cases and is ultimately responsible for providing the Board with a critical assessment and advice on a recommended course of action. This advice is formally documented in an "assessment note" and is considered the Secretariat's official advice to the Board.

Our review found that improvements have been made in the last few years to better define and support the decision-making processes; however, opportunities still exist to improve ministries' business cases submitted to the Treasury Board Secretariat and the depth of analysis provided.

Specifically, our review of a sample of 15 business cases submitted by various ministries and the accompanying assessment notes highlighted the following areas for improvement:

- business cases need to reflect more analysis in regard to the presentation of options, cost analyses, performance monitoring plans and, where applicable, the consideration of environmental impacts, intellectual property and data governance; and
- assessment notes need to provide clearer advice to the Board on the feasibility of

ministries' requests, adequacy of ministries' risk mitigation and performance monitoring plans, and the sufficiency of consultation. Greater attention to costing assumptions, external factors and the impact of the request on provincial debt is also required.

Business cases and assessment notes are not developed in isolation and are accompanied by discussions, briefings and, at times, additional submissions to the Board or Cabinet. However, the business case and assessment note are the key documents shared with the Board and serve as a record in the decision-making and options assessment processes. It is therefore of paramount importance that they are robust and evidence-based.

Among our significant findings:

- **The Board is not consistently provided with complete business case information.** Slightly over half of the of the 15 business cases we reviewed met the majority of the criteria for what defines a robust business case, and while there were some inconsistencies, the business cases were adequate for decision-making. However, for the remaining business cases key components were incomplete or missing, including analysis of options, risks and costs, results of consultation, and plans for performance monitoring.

- **Lengthy and repetitive business cases pose challenges to the Board and Secretariat.** The average length of business cases in our sample was 42 pages, with the longest being 136 pages. Lengthy business cases can pose a challenge to the efficient and complete review of business cases by both the Secretariat and the Board. For example, based on our review of the written questions asked by Secretariat analysts during their review of business cases, nearly half (44%) were questions to clarify their understanding of the business case. Improvements in the clarity and conciseness of the business case can contribute to time efficiencies in the Secretariat's review pro-

cess. Further, the length of business cases is not indicative of completeness. For instance, the longest business case in our sample was 136 pages, but was still missing a cost/benefit analysis and performance monitoring plan, and had an incomplete options analysis.

- **Additional Secretariat training and feedback needs to be directed to the initial preparers of business cases** to share feedback on quality or expectations of what constitutes a robust business case. Based on our survey of ministry staff who work on business cases, 46% of all respondents highlighted the need for increased and improved training, with some suggesting regular training sessions on business case development, the Secretariat's expectations, and examples of good business cases.

- **Secretariat's documented assessment did not always contain sufficient critical analysis of business cases.** Based on our sample, the assessment notes often restated information in the business case and fell short in providing complete critical analysis. For instance, 47% of the assessment notes in our sample did not advise on the feasibility of the ministry's recommended option, and 67% either did not assess if the ministries' risk mitigation strategies were sufficient to manage the risks or did not advise on the impact of missing mitigation strategies. Further, certain elements of the financial analysis of the business case were often missing from assessment notes, such as costing assumptions, impact of external factors on expense and revenue projections, and the impact on provincial debt.

- **Assessment notes consistently did not identify non-compliance with the Secretariat's business case template.** Fourteen out of 15 business cases were missing at least one required key component from the business case template (for example, options analysis or performance monitoring plan). The

impacts of missing content in the business cases were not analyzed in these assessment notes, and only one out of the 15 assessment notes included a recommendation to report back to the Secretariat with this missing information.

- **Secretariat analysts flag need for training.** The average annual turnover or transfer rate for those reviewing business cases over the last five years was 34% per year. This high rate of staff change leads to inefficiencies, as staff have to become acquainted with the Secretariat's processes and the specific ministry portfolios they are assigned to before becoming proficient. Close to half (45%) of Secretariat analysts we surveyed responded that they did not have access to the necessary training and resources to carry out their duties in relation to in-year business cases. Multiple respondents flagged that it would be helpful to provide standardized training to all analysts on how to assess the business cases to ensure consistency.

- **Insufficient time provided to Secretariat analysts for adequate due diligence of business cases.** The Secretariat received 60% of the business cases in our sample less than the required three weeks before the Board meeting date. The Secretariat analysts preparing assessment notes in our sample that received more time, on average, to review the business cases provided a greater level of critical analysis. Based on our survey of Secretariat analysts, over half of respondents flagged adherence to timelines and having a sufficient time to review business cases as the primary area for improvement. For example, the Secretariat highlighted instances where it received the final signed business case with revised information on the same day as the Board meeting.

- **Timing and format of Secretariat's review limits opportunity to add value.** We found that business cases are often far along in the submitting ministry's internal approval process before the Secretariat receives a copy to review, limiting the opportunity for Secretariat analysts to proactively give advice and add value to the development of business cases, and limiting ministries' willingness to make suggested changes once a version of the business case has been approved by their senior management, such as the Deputy Minister. In other jurisdictions such as the federal government, Treasury Board analysts conduct a more structured review earlier in the process.

- **Secretariat has abstained from providing recommendations on high-risk requests.** Between April 1, 2015 and March 31, 2020, the Secretariat did not provide the Board with staff recommendations in 72 business cases. As a result, the Board has made decisions without a staff recommendation. A review of these assessment notes and a survey of analysts indicates the Secretariat has, at times, abstained from making staff recommendations related to high-risk requests. For example, the Secretariat abstained from providing a recommendation on the requests related to the Fair Hydro Plan. Other jurisdictions, such as the federal government and the United Kingdom, do not have the option to abstain from providing a staff recommendation.

- **Late and incomplete information reported back to the Board contributes to inefficiencies.** Ministries may be asked to report back to the Board with additional information or program results. Our review of these "report-backs" illustrates that they are often returned late, do not always contain the required information, and may lead to multiple report-backs to the Board.
  - In our sample of 30 report-backs received in 2019/20, 40% or 12 did not meet the requirements of the initial board direction, and in 11 of those cases the Board directed

the ministry to report back again with the same information.

- In 2019, the Secretariat began to centrally track report-backs. Based on this information, two-thirds of 185 report-backs in 2019/20 were late, with 23% or 26 of those over 60 days late, and 7% over 100 days late.

- **Reporting back to the Board is inconsistent for significant projects/programs.** While major infrastructure and information technology projects have specific reporting requirements to the Board, other significant projects or programs, such as large grant programs or social assistance, do not have standardized reporting requirements. In our interviews with Board members, we found an interest in receiving more clarity on the types of projects/programs that require a report-back and how often they are required. One minister indicated interest in identifying key projects/ programs or priorities to receive more comprehensive and frequent report-backs, such as social assistance reform.

- **Secretariat does not have any performance measures to monitor and assess the business case development process.** For instance, the Secretariat does not centrally track compliance with the timelines for the submission of business cases or ministries' requests for exemptions, and therefore cannot assess ministries' adherence to timeline requirements. Aside from the individual assessment notes, the Secretariat does not assess the overall quality of business cases or provide performance evaluations or formal feedback to ministries on an ongoing basis.

- **Existing practices hinder efficiency and co-ordination with other approval processes.** Our review has indicated there is overlap in the types of information required for business cases and Cabinet policy submissions, as well as the analyses conducted by the Secretariat and Cabinet Office. However, at present there are limited opportunities to co-ordinate these processes or share information. There may also be an opportunity to reduce the volume of information coming to the Board by reconsidering the current application of delegation of authority and use of committees for smaller and less significant decisions.

This report contains 19 recommendations, with 51 action items, to address our findings.

Overall Conclusion

Over the last few years, the Secretariat has taken steps to improve guidance and tools for the development and review of business cases. Further, our discussions with staff from the Secretariat and ministries confirmed there is clear support for continuous improvement. Overall, however, our review has identified that there is still the opportunity to better support the decision-making process by improving the timing, quality and completeness of business cases, assessment notes and evidence-based recommendations. Specifically, additional training for the initial preparers of business cases and assessment notes is needed. Structural changes to the process to allow for an earlier and more formalized review of business cases may provide the Secretariat greater opportunity to support the development of robust business cases. Changes to the types of recommendations available for the Secretariat are needed to ensure it is able to effectively fulfil its responsibility to provide advice to the Board. Lastly, improved monitoring and evaluation of the in-year request process would provide the information necessary to make continuous improvements to the quality of business cases and assessment notes and timing of receipt of materials.

OVERALL RESPONSE FROM SECRETARIAT

Treasury Board Secretariat (Secretariat) thanks the Auditor General and her staff for their work in reviewing the business case development and

assessment processes that support decision-making by the Treasury Board and Management Board of Cabinet (Board). We welcome the insights and recommendations presented in this report.

There is an absolute commitment from the Secretariat to ensure continuous improvement in the support we provide both to the Board and ministries across the Ontario Public Service (OPS). We recognize that there are always opportunities to enhance the processes and supports we provide to the Board to support evidence-informed decision-making. This includes updates and changes to training provided to staff, templates and tools used, systems used to monitor and learn from current performance, as well as other potential improvements that could make Board decision-making more effective.

The recommendations presented in this audit will be instrumental as we continue to consider additional actions to enhance our approach to decision-making support. Work is already underway to address the recommendations, specifically through the development of a new formalized training program for both Secretariat and line ministry (i.e. submitting ministries) staff that will ensure they have the necessary knowledge and tools to develop robust business cases, critically assess submissions and make appropriate recommendations.

We are also taking a collaborative approach with line ministries to identify new opportunities to improve the in-year submission and review process. The Secretariat will implement broader structural changes to the processes and guidelines to ensure continuous improvements in the quality and ministry adherence to timeliness of materials. We will review existing tools, such as the OPS Evidence-Based Decision-Making Framework, and incorporate findings from this review in the new formal training program that is currently in development to ensure there is clarity on best practices with respect to

issues such as performance measurement and monitoring.

While the role of the Treasury Board is to assess the financial impact, risk and feasibility of policy decisions that are supported by the policy sub-committees of Cabinet, we will continue to work with Cabinet Office to ensure alignment as submissions track to Cabinet Committee for decisions, and pursue opportunities for improved co-ordination and sharing of information between Cabinet Office and the Secretariat.

We look forward to a continued constructive relationship with the Auditor General and her staff as we move forward with implementing the recommendations in this report.

2.0 Background

2.1 Business Cases

The purpose of a business case is to present evidence and justification for undertaking a proposal or project/program, providing decision-makers with the information necessary to make an informed decision about whether to proceed and in what form. A business case preserves a record of the decision-making and options assessment, and by documenting implementation and performance measurement plans, it provides a means to continually assess and evaluate a project/program's progress. A business case in the public sector may also include projected societal and environmental impacts, allowing for a more comprehensive understanding of a project/program's expected outcomes. The breadth and depth of information and analysis contained in a business case is expected to be proportional to the project/program's size, complexity and risk.

In Ontario, ministries are generally required to develop a business case when they are seeking a change to operations, organization, activities and spending that goes beyond the scope of their

annual business plan (which includes their total approved annual expenditures for the year). These are known as in-year business cases. Ministries must submit their business cases for approval to the Treasury Board/Management Board of Cabinet (Board), a committee of Cabinet. In 2019/20, approximately $3.4 billion in additional expenditures were approved outside of ministries' annual business plans through in-year business cases. Additionally, $89 million was transferred between ministries' programs as a result of in-year business case requests.

Given the financial significance of these decisions, the Board's Terms of Reference requires that all requests be accompanied by a "robust business case." A robust business case includes an evaluation of alternative options, sufficient evidence in support of the proposed option, a clear identification and analysis of costs, an assessment of risks and proposals for mitigation, and plans for implementation and performance measurement.

Incomplete or inadequate business cases can pose a serious risk to providing adequate information to the Board to make an evidence-informed decision and to the province in achieving value for money. Issues identified in past audit reports from our Office can be tied to weaknesses in business cases that include incomplete information on costs, risks, consultation and implementation. See **Appendix 1** for examples of business case issues identified in past value-for-money audit reports.

2.1.1 Treasury Board/Management Board of Cabinet (Board)

The Board is the only committee of Cabinet required by legislation. It consists of ministers (voting members) and advisors (non-voting members, often parliamentary assistants). The Chair of the Board is the President of the Treasury Board (that is, Minister of the Treasury Board Secretariat), and the Vice-Chair is the Minister of Finance. Currently, there are six other ministers on the Board and two advisors (parliamentary assistants to Minister of

Finance and President of the Treasury Board). The Deputy Minister of the Treasury Board Secretariat is the Secretary of the Board, responsible for supporting the Chair and Board in performing their duties.

The *Financial Administration Act* and the *Management Board of Cabinet Act* give the Board broad powers and responsibilities over public money, and the programs of ministries and other public entities. These powers include making decisions regarding multi-year expenditure allocations, in-year spending changes, staffing resources, management practices, information technology and capital project approvals, and the creation of new programs and/ or agencies. Refer to **Figure 1** for the types of decisions the Board is authorized to make. According to the Board's 2019 Terms of Reference, the Board "will take a strategic approach to expenditure management, enabled by thorough long-term planning, rigorous analysis, and consideration of key risks" and will "assess and test each item under consideration, to ensure decisions are defensible and evidence-based."

2.1.2 Treasury Board Secretariat (Secretariat)

The Treasury Board Secretariat (Secretariat) is a central ministry responsible for government fiscal planning and expenditure management, and providing advice and assistance to the Board to support evidence-based decision making and prudent financial management. This includes developing templates and guidance materials for ministries, reviewing both in-year business case requests and annual business plans, co-ordinating the quarterly reporting process, scheduling and organizing Board meetings, and providing formal advice to the Board on the recommended course of action. These processes are explained in more detail below.

- **Annual business planning process:** Secretariat staff prepare instructions to guide ministries' development of their annual business plans, including financial allocations

Figure 1: Mandate of the Treasury Board/Management Board of Cabinet (Board)
Source: Treasury Board Secretariat

The Board operates as one committee with its authority provided under two pieces of legislation.

The *Financial Administration Act* authorizes the Board to make decisions related to:
- ministries' annual business plans, multi-year expenditures and program reviews
- ministries' quarterly expenditure management
- ministries' creation of new programs, or changes or consolidation of existing programs
- regulations or legislation with financial implications
- new proposals or changes to non-tax revenue
- acquisition of or disposition of government property that has financial implications
- negotiating federal or municipal arrangements

The *Management Board of Cabinet Act* authorizes the Board to make decisions related to:
- public-sector corporate governance policies and directives, including procurement or information technology projects
- human resources and administration management, including changes to ministry staffing allocations, and compensation and bargaining mandates
- regulations and legislation that have public service administrative or human resource implications
- provincial agency governance and accountability, including establishment of an agency
- remuneration of provincial appointees

that ministries are typically expected to work within. These plans are intended to present the ministry's goals and outline up to the next five years' spending on operations and 10 years' capital spending. The planning process typically starts in the fall and ends before the Budget is finalized by the following March. Board decisions made through this process are used to shape the province's Budget. See **Figure 2** for the total expenditures approved through ministries' annual business plans.

- **In-year business case requests:** Ministries submit in-year business cases to the Board to obtain approval to address emerging issues (e.g., new program, inadequate funding, etc.). **Figure 2** shows the changes in ministries' financial allocations approved through in-year business case requests between 2015/16 and 2019/20.

The Secretariat reviews each business case and annual business plan and provides the Board with its assessment of the request and advice on the recommended course of action.

- **Quarterly reporting:** Quarterly reporting allows the Secretariat and the Board to mon-

itor the accuracy of ministries' expenditure forecasts and the risks they face in staying within their financial allocations. The Secretariat leads the quarterly reporting process, developing quarterly reporting instructions and templates for ministries. Board directives (for example, the Agencies and Appointments Directive) require additional non-financial information to be included in this reporting (for example, risk reporting on provincial agencies). In-year business cases may also lead the Board to ask a ministry to include additional information in its quarterly reporting (such as major program updates).

The government's fiscal planning cycle is continuous, such that as the annual planning for future years and in-year expenditure management processes occur in parallel.

Appendix 2 illustrates how these processes and in-year business case requests fit into the context of the government's fiscal cycle.

Figure 2: Total Spending Approved through the Annual Business Planning and In-Year Submission Processes ($ million)

Source of data: Treasury Board Secretariat

Fiscal Year	Annual Business Plans[1]	In-Year Business Case Requests		
		Increase to Approved Allocation[2,3] (A)	Decrease to Approved Allocation[2,3] (B)	Net In-Year Approvals (A − B)
2015/16	120,492	4,455	1,067	3,388
2016/17	122,139	3,454	310	3,144
2017/18	129,469	2,058	1,009	1,049
2018/19	145,922	2,143	3,268	(1,125)
2019/20	150,109	3,982	538	3,444

1. Total approved expenditures in ministries' annual business plans.

2. Increases and decreases approved by the Treasury Board/Management Board of Cabinet (Board) include approvals that affect a ministry's initial budgeted allocation in their annual business plan.

3. Board approvals that do not have an effect on ministries' allocations (e.g., a fiscally neutral transfer between a ministry's programs) are not shown in this figure. Such transfers represent on average $1.2 billion per year.

2.1.3 The Process of In-Year Business Case Requests

The Business Case Template

For in-year requests, the Secretariat requires ministries to complete a business case. Starting in 2016, the Secretariat began developing a new, mandatory business case template for ministries to use for in-year requests to the Board. This template was released in September 2019, accompanied by a Business Case User-Guide. The previous template was last updated in 2000, and the associated guide was last updated in 2003. The Secretariat did not enforce the use of the previous template, and ministries often developed their own. According to the Secretariat, the 2019 business case template "is designed to help ministries develop the analysis for the submission and ensure the appropriate depth and breadth of analysis has been carried out to support a proposal." The new business case template outlines the mandatory elements required to be included in a business case; these are listed in **Figure 3**.

Developing the Business Case

Typically, the business case template is first completed by policy/program staff in a ministry. Ministries also develop business cases on behalf of the agencies and broader public sector entities they oversee. Policy/program staff work with their corporate division (the division responsible for financial administration) to receive support and validation for financial components of the business case. The corporate division also serves as the ministry's liaison with the Secretariat. It communicates directly with the Secretariat, fields questions about the business case, and solicits the approvals and sign-offs required before the business case is provided to the Secretariat and the Board, including those of the ministry's Chief Administrative Officer, responsible Assistant Deputy Minister, Deputy Minister and Minister. **Figure 4** illustrates the development of a business case and the in-year request process.

Review and Due Diligence Process

A draft of the business case approved by the responsible Assistant Deputy Minister must be provided to the Secretariat for a due diligence review no later than three weeks before the meeting date, unless the Board Chair has allowed an exception. Ministries may provide earlier drafts of the business case to the Secretariat or reach out to the Secretariat for advice or discuss technical questions. According to the Business Case User-Guide (2019), "adequate due diligence [of the business case] is important to

Figure 3: Mandatory Components of the Secretariat's Business Case Template (September 2019)

Prepared by the Office of the Auditor General of Ontario

Executive summary
Decision sought from the Treasury Board/Management Board of Cabinet (Board)
Overall financial impact of request (e.g., impact on the province's finances and assumptions made for revenues and expenses) • Up to 5-year operating and 10-year capital (where applicable) fiscal impact • Accounting considerations
Summary of rationale • Background, context, current business environment • Outputs, outcomes, linkages to annual business plan performance measurement • End user impact, internal and external consultations/engagement • Government priority, policy and legislative linkages • Jurisdictional review
Summary of assessment of options • Analysis of options (the proposed option, status quo and two alternatives), and rationale for recommended option • Either a cost/benefit analysis[1] or cost-effectiveness analysis[2]
Detailed analysis of the recommended option • Cost and funding requirements • Sensitivity analysis, and economic and business impacts
Risk assessment and mitigation strategies
Implementation plan
Approach for ongoing performance monitoring and reporting
Communications and stakeholder engagement plan
Proposed Board minute

1. A cost/benefit analysis is used to understand the relationship between the inputs (costs) and the outputs/outcomes (benefits), and is generally presented in monetary terms.

2. A cost-effectiveness analysis is often used when benefits cannot easily be monetized. In contrast to cost/benefit analysis, cost-effectiveness analysis assesses the ratio of inputs to outputs/outcomes.

ensure that [Board] members can confidently make their decisions and understand both the nature of the issue and the consequences of their decisions."
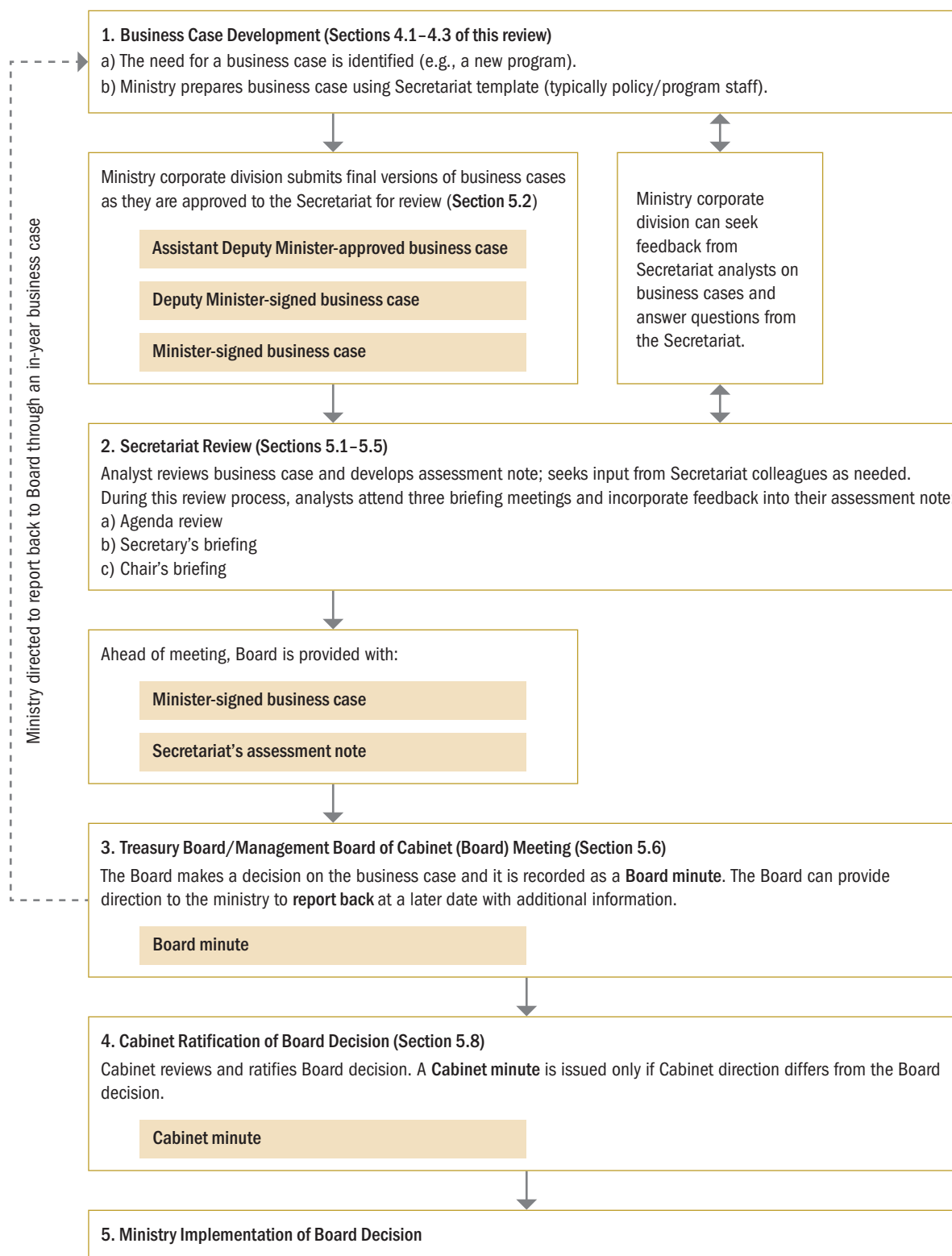
Upon receiving a business case, Secretariat analysts review the business case and may consult with other Secretariat colleagues, the Ministry of Finance, Cabinet Office, legal staff or other ministries as needed (for example, the Ministry of Government and Consumer Services on realty issues). As part of their review, Secretariat analysts may send the submitting ministry a number of questions, seeking receipt of information or additional information, clarifying the request, or providing advice. This is an informal process, and may occur via telephone, email or in person. This exchange of questions and answers between the ministry

and Secretariat is intended to provide the analysts with the information they need to complete their assessment.

The Secretariat documents its review of the business case in an assessment note. The assessment note is considered the Secretariat's official advice to the Board and includes a staff recommendation for decision. The assessment note template was revised alongside the business case template in September 2019. It instructs Secretariat analysts to "present analysis and critical evaluation of the submitted request. The [assessment] note is a summary of the analyst's assessment of the ministry's [business case]. Analysts should not be providing the ministry's narrative or copying the ministry's business case directly into the assessment note." When

Figure 4: In-Year Business Case Development Process

Prepared by the Office of the Auditor General of Ontario

1. Business Case Development (Sections 4.1–4.3 of this review)
a) The need for a business case is identified (e.g., a new program).
b) Ministry prepares business case using Secretariat template (typically policy/program staff).

Ministry corporate division submits final versions of business cases as they are approved to the Secretariat for review (**Section 5.2**)

> **Assistant Deputy Minister-approved business case**

> **Deputy Minister-signed business case**

> **Minister-signed business case**

Ministry corporate division can seek feedback from Secretariat analysts on business cases and answer questions from the Secretariat.

2. Secretariat Review (Sections 5.1–5.5)
Analyst reviews business case and develops assessment note; seeks input from Secretariat colleagues as needed.
During this review process, analysts attend three briefing meetings and incorporate feedback into their assessment note:
a) Agenda review
b) Secretary's briefing
c) Chair's briefing

Ahead of meeting, Board is provided with:

> **Minister-signed business case**

> **Secretariat's assessment note**

3. Treasury Board/Management Board of Cabinet (Board) Meeting (Section 5.6)
The Board makes a decision on the business case and it is recorded as a **Board minute**. The Board can provide direction to the ministry to **report back** at a later date with additional information.

> **Board minute**

4. Cabinet Ratification of Board Decision (Section 5.8)
Cabinet reviews and ratifies Board decision. A **Cabinet minute** is issued only if Cabinet direction differs from the Board decision.

> **Cabinet minute**

5. Ministry Implementation of Board Decision

Ministry directed to report back to Board through an in-year business case

> Decision-making documents

developing recommendations in regard to ministry business cases, Secretariat staff are directed to consider the following:

- the relative priority/importance of the proposal;
- the context of the current fiscal plan;
- the broader government program environment; and
- the quality of the proposed option, and the capacity of the ministry/entity to deliver the expected results, based on evidence.

A set of three pre-briefing meetings is held prior to the Board meeting, attended by representatives from the Secretariat's senior management, ministers' offices (Finance and the Secretariat), the Premier's Office and Cabinet Office. Representatives of the submitting ministry do not attend briefings—they attend only the Board meeting.

1. **Agenda review**: An agenda is established for the next Board meeting and potential items are reviewed for alignment with government priorities. The Secretariat analysts complete a one-page table summarizing the business case requests, identifying potential impacts (such as fiscal, human resources, procurement, program approval, information and information technology approval), and noting ministry sign-offs on the business case obtained to-date. Draft agendas are shared with the Secretariat, including the Minister's Office, Ministry of Finance, and the Premier's Office.
2. **Secretary's briefing**: The Secretariat analysts present a draft of their assessment notes at this briefing led by the Secretary of the Board. Potential issues related to the business case are discussed, and the Secretary and/or other attendees provide feedback and/or direction on the assessment note, including the Secretariat's recommendation.
3. **Chair's briefing**: The Secretariat analysts present their assessment note, highlighting the request, issues, risks and recommendations. The Chair of the Board reviews the

assessment note and the Secretariat's recommendations, and the Chair and/or other attendees provide feedback and/or direction. Agenda items that may be discussed at the Board meeting are classified as follows:

- Items classified as **discussion items** typically involve significant financial, legislative/regulatory, and/or program implications. They are typically allocated 10 minutes on the agenda for discussion, depending on the length of the meeting and number of items to discuss. However, past agendas indicate discussions may go longer depending on the significance of the item or interest of the Board. For instance, our sample of business cases were allocated on average 17 minutes on the agenda for discussion.
- The remaining items are classified as **consensus items** and include routine, non-contentious items—for example, minor administrative or financial transactions with low fiscal impact. These are discussed at the Chair's briefing, but are not presented in detail at the Board meeting. Their business cases and assessment notes are shared with Board members in advance of the meeting, and a five-minute verbal summary of all consensus items is provided at the start of each meeting.

Board Meetings

The Board generally meets every other week. In-year business case requests comprise the bulk of the submissions reviewed by the Board. Over the last five fiscal years, in-year business cases represented 92% of submissions reviewed by the Board. (Refer to **Figure 5** for an overview of meetings and the types of submissions in the last five years.) However, during the COVID-19 pandemic the Board has met more frequently to make expedient decisions, with 42 Board meetings between March 16, 2020 and September 1, 2020. (Ontario declared a state of emergency on March 17, 2020.)

Figure 5: Treasury Board/Management Board of Cabinet (Board) Meetings and Types of Submissions Reviewed, 2015/16–2019/20

Source of data: Treasury Board Secretariat

	2015/16	2016/17	2017/18	2018/19	2019/20
# of Board meetings	55	57	61	50	66
In-Year Submissions					
# of in-year discussion items	245	355	444	373	303
# of in-year consensus items	112	101	62	12[1]	202[2]
Total in-year submissions	**357 (93%)**	**456 (95%)**	**506 (93%)**	**385 (85%)**	**505 (94%)**
Annual Business Plan Submissions[3,4]	26 (7%)	26 (5%)	39 (7%)	69 (5%)	31 (6%)
Total Board Submissions	**383**	**482**	**545**	**454**	**536**

1. According to the Secretariat, because 2018/19 was the year of a new government, most in-year business case submissions were classified as discussion items as the new administration became familiar with issues and process.
2. In 2018, the Board suspended three sub-committees that previously provided approvals for certain delegated items, including those with lower dollar values.
3. Each ministry typically submits one annual business plan submission for the year that may include multiple requests and report-backs.
4. On occasion, the Board will approve requests in a ministry's annual business plan to be announced before the budget is released. These early requests are included in the count of annual business plan submissions.

At the Board meeting, the sponsoring ministry (typically represented by the Minister, Deputy Minister and senior staff) presents its business case. Then the Secretariat's staff provide high-level commentary. Secretariat and ministry staff are available to answer questions from the Board. After the review of business cases and analyst presentations, the Board can:

- approve all or part of the request;
- approve the request in principle (often requiring additional information at a later date);
- defer a decision;
- not approve the request;
- direct or authorize the Ministry to proceed a certain way;
- recommend an order, regulation or legislation for Cabinet approval; or
- confirm receipt of the information provided by the Ministry. The Board's decisions are formally recorded in a document known as the "minute", which serves as the official record of Board decisions. Final minutes are shared with the ministry's Deputy Minister and Chief Administrative Officer, as they provide the formal approval for funding, program design and direction on next steps (if applicable).

Cabinet Approval

As the Board is a committee of Cabinet, all Board decisions must be reviewed by Cabinet as a whole, which can ratify, amend or revoke the decisions. A summary of the decision is shared with Cabinet. At times, an assessment note may also be shared with Cabinet, but the business case is not. Ministries must wait for Cabinet ratification before implementation. If a Cabinet decision differs from a Board decision, a Cabinet minute is issued, and the original Board minute will be amended. The revised finalized minute will be shared with the ministry.

With approval from the Premier's Office and Cabinet Office, the Board may convene as Cabinet during a Board meeting (taking on the full authority of Cabinet in the matter) to confirm its decisions. It may also report its decisions to Cabinet the day after the Board meeting (compared to the following week's Cabinet meeting). This is known as "fast-tracking." In 2019/20, the Board convened as Cabinet on 51 business cases, and "fast-tracked" 273 business cases. The Board usually convenes as Cabinet or fast-tracks an item for expediency, such as when an announcement or implementation of an initiative needs to occur quickly.

Policy Approval

In addition to ratifying Board decisions, the Cabinet may provide policy approval to create, expand or eliminate policies, programs or strategies. Where Cabinet policy approval is required, ministries must complete a Cabinet submission, which is then reviewed by one of two Cabinet policy committees (depending on the subject), and/or a Cabinet committee focused on legislation and regulations (if applicable). Similarly to the Board process, Cabinet Office staff prepare an analysis of the Cabinet submission and draft a minute. Unlike the Board process, the policy and legislation and regulations committees do not make a final, "minuted" decision, but they can comment on the proposed minute and make recommendations to Cabinet. The purpose of policy committees is to ensure the request is consistent with government direction and the submission is ready to go to Cabinet. The Cabinet submission and analysis is then sent to Cabinet for final approval with the committees' comments. Refer to **Appendix** 3 for an overview of the Cabinet committees and government decision-making process.

Staff from various ministries we interviewed informed us that a request may receive Cabinet approval before, concurrently with or after receipt of approval from the Board. Items that do not have fiscal impacts, such as new strategies or regulatory amendments, require a Cabinet submission but not Board approval. Conversely, items such as financial transfers with no policy implications require a business case to be submitted to the Board, but not to a Cabinet policy or legislation committee.

3.0 Review Objective and Scope

The objective of our review was to determine whether the Treasury Board Secretariat (Secretariat) has effective systems and processes in place to facilitate the preparation and review of evidence-based in-year requests to the Treasury Board/Management Board of Cabinet (Board), that provide decision-makers with timely, robust business cases and recommendations.

In planning for our work, we identified the criteria (see **Appendix 4**) we would use to address our objective for this review. These criteria were established based on a review of applicable legislation, policies and procedures, internal and external studies and best practices. Secretariat senior management reviewed and agreed with our objective and associated criteria.

We conducted our review from January to August 2020. We obtained written representation from senior management at the Secretariat that, effective October 21, 2020, they had provided us with all the information they were aware of that could significantly affect the findings or the conclusion of this review.

Our work was conducted at the Secretariat's Office of the Treasury Board in Toronto, including remote fieldwork where necessary during the COVID-19 pandemic. Our work included a review of relevant documentation, information systems and data related to business case development and the Board's in-year request process. We met with staff from the Office of the Treasury Board, staff from 17 ministries' corporate divisions and/or policy/program staff, and staff from Cabinet Office. In addition, we:

- surveyed corporate divisions (37% response rate) and policy/program staff involved in developing business cases (37% response rate) of all ministries to support our understanding of business case development;
- surveyed initial preparers of the Secretariat's assessment notes (that is, secretariat analysts) (45% response rate) to support our understanding of the Secretariat's role in the in-year request process;
- surveyed all provinces in Canada to compare the business case requirements, approval process and timelines;

- met with representatives from the Treasury Board of Canada Secretariat, the New Zealand Treasury and Her Majesty's (HM) Treasury (United Kingdom) to learn about their business case requirements and Treasury Board submission processes;
- met with all current Board members (Ministers) and advisors (parliamentary assistants) and Secretary of the Board to gain an understanding of the needs, experiences and perspectives of the Board; and
- Reviewed a sample of 15 business cases from 14 ministries to assess the robustness of current business cases and the level of documented due diligence in the accompanying assessment notes (see the following subsection for details).

Review of Business Cases and Assessment Notes

As part of the review, we assessed a sample of business cases and their accompanying assessment notes. This review did not assess the merit of any decision resulting from these business cases, but instead focused on assessing the robustness of the business case information and analysis and recommendations provided to decision-makers (the Board).

Our sample was selected from business cases presented to the Board between September 1, 2019, and March 16, 2020, as new required templates for business cases and assessment notes were introduced in September 2019 and Ontario declared a State of Emergency on March 17, 2020. We selected a sample of 15 business cases that reflect a cross-section of 14 ministries and represent 10% of the discussion items (business cases identified by the Secretariat as significant, with time allocated for Board discussion) reviewed by the Board during this time. The business cases in our sample contained requests totalling an additional $1.60 billion in in-year funding and $1.08 billion in future years' funding, with additional requests to be managed

within ministries' existing financial allocations. The sample includes business cases for significant decisions related to major infrastructure projects in the transportation and energy sectors, the expansion of an agency's mandate, procurement, and social services program changes. The sample of accompanying assessment notes also provided complete coverage of the different branches in the Secretariat that review the business cases.

To guide our assessment of the robustness of business cases, we developed a set of criteria (see **Appendix 5**) that define good practices in business case development; these are informed by Secretariat guidance material, issues identified in our past audit reports, and a comparison to other jurisdictions. To guide our review of the assessment notes, we developed a set of criteria (see **Appendix 6**) informed by the Board's expectations of the Secretariat in its Terms of Reference, Secretariat guidance material and the stated purpose of the Treasury Board Support Program. Both sets of criteria were approved by Secretariat management prior to our assessment of business cases and the Secretariat's assessment notes.

Our methodology for reviewing the businesses cases and assessment notes in our sample was based on a four-point scoring scale: Leading, Emerging, Lagging and Lack of Readiness (see **Figure 6** for definitions). The intent of this assessment is to provide useful feedback to preparers of business cases and assessment notes on ways to improve the quality of information provided to decision-makers.

We conducted our work and reported on the results of our review in accordance with Canadian Standards on Assurance Engagements (CSAE) 3001—Direct Engagements issued by the Auditing and Assurance Standards Board of the Chartered Professional Accountants of Canada.

The Office of the Auditor General of Ontario applies the Canadian Standards of Quality Control and, as a result, maintains a comprehensive quality control system that includes documented policies and procedures with respect to compliance with rules of professional conduct, professional

Figure 6: Definition of Auditor General's Evaluation Scale of Business Cases and Assessment Notes
Prepared by the Office of the Auditor General of Ontario

Leading	Emerging	Lagging	Lack of Readiness
• Meets all or virtually all the sub-criteria* and could be considered a model. • Generally, a consistently high level of analysis. • Good for decision-making. • May need minor improvements.	• Meets the majority of the sub-criteria.* • Some inconsistency in quality of analysis—not all parts presented equally well. • Adequate for decision-making. • On the right track but needs some improvements.	• Meets some of the sub-criteria.* • Significant inconsistency in quality of analysis—not all parts presented equally well. • Some gaps in information and analysis. • Partially adequate for decision-making. • The business case/assessment note needs major improvements.	• Minimal or no evidence of the sub-criteria.* • Lacks basic information and contains insufficient analysis. • Inadequate for decision-making. • The business case/assessment note needs significant reworking—it should not have gone forward to Board.

*   Refer to **Appendix 5** for criteria and sub-criteria for business cases, and **Appendix 6** for assessment notes.

standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

4.0 Detailed Observations: Ministries' Development of Business Cases

Past audits by our Office illustrate the importance of using robust business cases to support decision-making (see **Appendix 1**). For instance, having a robust business case can avoid or mitigate unexpected costs or negative stakeholder reactions, and can be used as a project management tool for the life cycle of a project/program. Further, by submitting strong business cases, ministries can avoid extensive back-and-forth exchange of questions and answers about the request with the Treasury Board Secretariat (Secretariat) (see **Section 5.2**), and are

less likely to be asked by the Treasury Board/Management Board of Cabinet (Board) to report back with missing information before it releases funds or gives its approval (see **Section 5.6**).

4.1 Ministries Do Not Consistently Provide Decision-Makers with Complete Business Case Information

Appendix 5 presents our assessment of 15 business cases from 14 different ministries using the four-point scale we developed: Leading, Emerging, Lagging and Lack of Readiness (see **Figure 6** for their definitions). As presented in **Appendix 5**, we assessed eight of the business cases (53%) as Emerging, meaning they met the majority of the criteria for what defines a robust business case, and while there were some inconsistencies, the business case was adequate for decision-making. We assessed seven (47%) business cases as Lagging, meaning that while some of the criteria were met, there were significant gaps in information or inconsistencies in the quality of analysis, and they were only partially adequate for decision-making. None of the 15 business cases we reviewed fell into the lowest category, Lack of Readiness. Nor did any fall

into the Leading category, meeting all of the criteria for a robust business case, with a consistently high level of analysis providing decision-makers with the information needed to make an informed decision in an efficient manner. Our findings are detailed in the following sections.

4.1.1 Most Business Cases Reviewed Contained Incomplete Analysis of Options, Risks and Costs

Based on our review of 15 business cases, we found that:

- **Business cases do not always consider alternative options and do not systematically compare options.** Of the business cases we reviewed, only two of the 15 met the Secretariat's requirement to assess three options as well as the status quo. One-third of business cases did not provide any alternative options. Where business cases did not include alternative options, they did not provide a rationale to explain why they did not do so, thereby leaving a gap in the business case rationale. Further, only one of the 15 business cases used a systematic approach to analyze the benefits and drawbacks of alternative options using a common set of metrics.

  Ministries told us that where options were not included they may have been considered in previous business cases or Cabinet submissions, but we found instances where the business cases in our sample either did not have an accompanying Cabinet submission or the earlier business case also had an incomplete assessment of alternative options. Further, the assessment of options is not a required section of a Cabinet submission, and therefore may not be included, making it all the more essential that options assessment be reflected in business cases.

- **Business cases did not consider the risk of not proceeding.** In the business cases we reviewed, we found that 60% identified most

of the key risks and identified strategies to mitigate the risks, but the remaining 40% typically failed to identify and assess all of the key risks and/or did not do so in a systematic way. For instance, risks were not always presented in the same section of the template, assessed for likelihood or frequency, or linked to mitigation strategies. Further, none of the 15 business cases assessed the risk of not proceeding with the proposed request.

- **Half of business cases made little or no attempt to analyze costs or benefits.** In half of the business cases reviewed, ministries included a cost analysis, such as a cost/benefit or cost-effectiveness analysis. However, in the other half of business cases ministries generally made a limited attempt or none at all to analyze the benefits associated with a given proposal against costs, or explain if such analysis was not warranted.

Figure 7 outlines examples of business cases from our sample and illustrates why each of the components of a robust business case is important to decision-making.

RECOMMENDATION 1

To provide decision-makers with sufficient and comprehensive information for decision-making in business cases, we recommend that the Treasury Board Secretariat provide training, coaching and mentorship opportunities to preparers of business cases, and proactively work with ministries to ensure that business cases:

- present at least three options and the status quo using a consistent set of metrics that evaluate the benefits and drawbacks of each option;
- provide a summary of options, where options related to the request have been previously presented to the Treasury Board/Management Board of Cabinet or Cabinet;
- identify whether a cost/benefit or cost-effectiveness analysis is required for the

Figure 7: Why Robust Business Cases Matter

Prepared by the Office of the Auditor General of Ontario

Examples of Business Cases	Why It Matters
Systematic Assessment of Options—Ensures the Best Fit for Taxpayers	
✓ A major infrastructure project evaluated more than three options in addition to the status quo and presented the analysis using a common set of criteria by which each option was assessed.	Assessing alternative options using a common set of criteria allows for the identification of all viable options and allows decision-makers to more readily determine the best option.
x A proposal to cancel a $1 billion capital project presented only one alternative (the status quo) to the recommended option to cancel.	
Risk Assessment and Mitigation—Ensures Unintended Consequences Are Proactively Addressed	
The majority of business cases identified the key risks and provided risk ratings and mitigation strategies; however, none in the sample included the risk of their request not proceeding and the mitigation strategies that could be used in the event the request is denied or deferred.	Ensuring all the key risks have been identified and systematically assessed is essential for successfully delivering projects without delays or other adverse impacts from unanticipated events, such as cost overruns or end-user opposition.
x A business case for program changes identified and evaluated only one risk. Key risks not addressed included the risks of stakeholder reactions, especially those whose program eligibility would end, and the risk of not implementing the proposed program changes.	
Cost Analyses (e.g., Cost/Benefit or Cost-Effectiveness Analysis)—Ensures Prudent Financial Decisions	
✓ A business case for a capital project provided a comparison of the costs and benefits for two different delivery models.	Complete cost analyses allow decision-makers to assess the financial feasibility and sustainability of the proposal, providing transparency and accountability.
x A business case for transitioning close to 1,000 employees who would be impacted by restructuring did not attempt to link savings (benefits) against impacts (costs) to the employees affected.	
Consultation—Ensures Programs and Services Meet Users' Needs	
✓ A business case to make a service available online explained the type of consultation that took place with stakeholders and presented a table with the findings in relation to each stakeholder group that was consulted.	Without information on the results of consultation or details on the plans to consult, decision-makers may encounter unexpected opposition or design flaws that could have been prevented.
x A business case requested a reversal of recently approved program changes, due to impacts on stakeholders and end users identified after approvals. It asked to reverse past approvals in order to bring forward more comprehensive program reforms, but did not indicate if stakeholder/end-user consultation would be part of the process.	
Implementation Plan—Ensures Successful Delivery	
✓ A business case that proposed changes to an agricultural program indicated next steps and timelines for implementation, and roles and responsibilities.	An implementation plan establishes timelines, milestones and oversight mechanisms, and can assist in avoiding delays and execution challenges.
x A business case that requested $43 million to defer program cuts by one year did not include an implementation plan.	
Performance Monitoring—Ensures Evidence-Based Government Spending	
✓ A business case for a major energy infrastructure project included a table with desired outcomes, performance indicators and targets for the project.	The absence of performance monitoring leaves government without data for evidence-based program reviews or reforms, and to assure that taxpayers' money is being spent with due regard to value for money.
x A business case that requested $143 million to extend and revise two existing grant programs did not include performance indicators to monitor whether the intended results were being achieved.	

✓ Example of a good practice in a business case.

x Example of room for improvement in a business case.

request, the scope of that analysis, and conduct cost analyses as needed; and

- systematically identify and assess key risks and mitigation strategies, including the risk of not proceeding with the proposed approach.

SECRETARIAT RESPONSE

Treasury Board Secretariat (the Secretariat) accepts the recommendation from the Auditor General and agrees that further training, coaching and mentorship opportunities will allow staff to better support the evidence-informed Board decision-making process.

The Secretariat is currently developing a new formal training program for Secretariat staff and line ministries, including both corporate and policy/program staff, on the development of robust business cases. Relative to this recommendation, this training will include options identification and assessment, cost analyses (for example, cost/benefit or cost-effectiveness analysis), and risk assessment and mitigation. The implementation of the training program for Secretariat analysts is planned for launch by March 31, 2021, and the one for line ministries will be launched by the following year.

The Secretariat will also update the business case template and user-guide to reinforce requirements around options development, and include prompts in the template for ministries to flag options previously presented to the Board.

4.1.2 Business Cases Reviewed Contained Insufficient and Incomplete Information on Consultation

Based on our review, we found that business cases did not generally take a systematic approach to linking who was consulted with the specific details on the type of consultation, the objectives of the consultation and the feedback obtained. This was particularly evident in regard to internal consulta-

tions with other ministries/programs, where over half of business cases generally did not provide details on the nature, scope and findings of their internal deliberations. By contrast, the majority of business cases included this information from their external consultations.

What was lacking in most business cases, however, was an explanation of how the results of the consultation related to the business case put forward by the ministry. Without such information on the results of the consultation, decision-makers may encounter unexpected opposition or design flaws that could have been prevented. Refer to **Figure 7** for examples of good practices and areas for improvement in the business cases evaluated.

RECOMMENDATION 2

To provide decision-makers with complete information on internal and external consultations, we recommend that the Treasury Board Secretariat provide training, coaching and mentorship opportunities to preparers of business cases, and proactively work with ministries to:

- clearly identify who was consulted, when consultation took place, the subject and format of consultations, and the findings from the consultations; and
- summarize how the ministry proposes to address findings from the consultations.

SECRETARIAT RESPONSE

The Secretariat accepts the recommendation and acknowledges the need to provide decision-makers with enough information on consultations to facilitate their decision-making.

The training currently offered on evidence-based decision-making will be reviewed to consider enhancements on consultations, and how consultations can be used to strengthen business cases. The findings from this review will be leveraged for a new formal training program that is currently in development for Secretariat and line ministry analysts.

In addition, the business case template will be strengthened to prompt for the summary and details around any consultations conducted. Additionally, the Secretariat will conduct reviews of the template on an annual basis to ensure continuous improvements are made on a regular basis, and provide the necessary training to address any template changes.

4.1.3 Majority of Business Cases Reviewed Provided Plan for Implementation, but Contained Incomplete or Insufficient Performance Monitoring Plans

In our assessment of business cases, we found that slightly over half identified next steps, with timelines, milestones and oversight responsibilities. However, the remaining business cases had either limited information or no information regarding their plan of implementation (for example, roles and responsibilities).

When it came to performance monitoring, at least 80% of business cases did not provide adequate performance monitoring plans, including details of performance data to be collected, the sources of performance data and assigned responsibilities for continuous improvement. Specifically, we found:

- Ministries tended to present input activities and processes, rather than outputs or outcomes, and typically did not take a systematic approach to presenting performance indicators for outputs and outcomes and directly linking them to objectives and end-user impacts.
- Seven of the business cases did not include a performance monitoring plan, and an additional six provided extremely limited information (for example, they were unclear on the performance indicators, source of performance data or responsibilities for continuous improvement). Ministries indicated in their business cases that a performance monitoring plan would follow at a future

date, as part of a report-back to the Board or as part of their next annual business plan. A performance monitoring plan provides data for evidence-based program reviews or reforms, and can help assure that funds are being spent with due regard for value for money. Including a performance monitoring plan in a business case ensures that performance is monitored at the outset of a project/program and the necessary data is collected. Our past audits indicate performance monitoring is a recurring issue across the public sector, with 176 recommended actions related to monitoring and oversight made in our Annual Reports from 2012 to 2016.

RECOMMENDATION 3

To strengthen performance monitoring plans in business cases, we recommend that the Treasury Board Secretariat provide training, coaching and mentoring opportunities to preparers of business cases, and proactively work with ministries to ensure that business cases:

- include quantifiable performance indicators that relate to the objectives, outputs, outcomes and end-user impacts of a proposal; and
- provide a plan for performance monitoring and reporting that includes a description of the data that needs to be collected, data sources, the frequency of collection and reporting, and assigned responsibility for monitoring and implementing continuous improvements, as needed.

SECRETARIAT RESPONSE

The Secretariat agrees with the recommendation and recognizes the importance of performance measures in monitoring the progress of proposed initiatives.

The Secretariat will proactively work with line ministries to improve the development of performance monitoring plans and quantifiable performance measures in their business

cases, and will ensure that the training sessions emphasize the importance of including initiative-specific indicators in business cases, as well as for internal tracking and driving of continuous improvement. This will form a portion of a new formal training program that is currently in development for Secretariat and line ministry analysts.

4.1.4 Lengthy and Repetitive Business Cases Pose Challenge for Board's and Secretariat's Review

We found that the business cases in our sample were long and repetitive. The average length of the 15 business cases reviewed was 42 pages, ranging from 13 to 136 pages. While there is no guidance on overall page length, the Business Case User-Guide (2019) does request ministries to limit their executive summary to two pages. In the business cases reviewed, we found these summaries were on average 4.5 pages, ranging from 1.5 to 12 pages long.

Providing more concise and clearly worded business cases is helpful for both the Board and the Secretariat analysts who review the business cases. Our review of the documented questions asked by Secretariat analysts during their review of the business cases in our sample (see **Section 5.2**) found that nearly half (44%) were questions meant to clarify their understanding of the business case. Improvements in the clarity and conciseness of the business case can contribute to efficiencies in the Secretariat's review process.

Further, the length of business cases is not indicative of completeness. For instance, the longest business case in our sample was 136 pages, but was still missing a cost/benefit analysis and performance monitoring plan, and had an incomplete options analysis.

Other jurisdictions restrict the length or allow for tailored submissions, depending on the nature of the request. For instance, based on their guidelines, Manitoba's Treasury Board submissions are required not to exceed four pages total, with additional appendices required for large capital projects. The United Kingdom and New South Wales, Australia, both have guidelines that limit the executive summary of the submission to one page. In its guidance to departments, the Treasury Board of Canada Secretariat outlines examples of submissions where sections of the template are not necessary. It recommends early consultation with Treasury Board analysts to discuss the requirements and obtain advice on what elements of the submission would need to be included.

RECOMMENDATION 4

To provide decision-makers with concise business cases, we recommend that the Treasury Board Secretariat:

- enforce the page limit for executive summaries for business cases;
- set guidelines for flexibility in length and content of business cases, proportionate to the level and likelihood of risks associated with the request; and
- provide training, coaching and mentorship opportunities to preparers of business cases on how to make their business cases clearer and more concise.

SECRETARIAT RESPONSE

The Secretariat agrees with the recommendation and acknowledges the importance of providing decision-makers with concise business cases.

The Secretariat agrees with the comment regarding submission length and proportionality. The Secretariat will review and update the current User-Guide to provide further guidance, including examples, to explain flexibility in length and content of business cases relative to the complexity of the ask. A new formal training program that the Secretariat is developing for ministries will coach users on how to address sections of the business cases in a succinct manner.

The Secretariat will improve enforcement of the executive summary page limits through the template and the Guide, as well as through portfolio analysts working directly with ministries on the submissions.

4.2 Secretariat's Business Case Template Includes Most Key Criteria for a Robust Business Case but Omits Some Important Elements

In developing the criteria for our review (see **Appendix 5**), we found that overall the Secretariat's template includes most of the key components of a robust business case. However, the template omits some important elements. One of these is the clear identification of data gaps, if any, and their impact on decision-making. As well, we noted that the Secretariat's business case template does not require consideration of cross-cutting issues such as environmental impacts, data governance and intellectual property rights. Such issues may affect all aspects of a program and so need to be integrated into all stages of programs and policies. We included these components in our criteria related to evidence, completeness and credibility, which were approved by Secretariat management prior to our assessment of the business cases.

4.2.1 Majority of Business Cases Reviewed Failed to Identify Data Gaps and Their Impact on Decision-Making

Over half of the business cases we reviewed either made a limited attempt or failed to identify data gaps and/or explain the impact of the missing information on decision-making. For example, a business case for a redesigned, cost-shared program between the province and participants provided estimated costs to the government, but did not provide similar estimates of costs to participants. Identifying data gaps illustrates due diligence in the preparation of the business case because it alerts

decision-makers that their decision may be based on limited or incomplete information. Knowing this provides decision-makers with the option to defer a proposal until a complete business case can be provided.

4.2.2 Issues Such as Data Governance, Intellectual Property and Environmental Impacts Rarely Considered in Business Cases Reviewed

Our past audits related to cross-cutting issues, such as intellectual property (the rights surrounding a methodology, design or other creation), data governance (the management of data to ensure its quality and security), and the environment have demonstrated a need to systematically include such considerations in government decision-making processes. At present, the Secretariat's business case template does not require ministries to consider the impacts related to data governance, intellectual property rights or the environment.

For instance, our 2018 report on Waterfront Toronto highlighted instances where decisions were made in absence of data governance frameworks that address intellectual property, data collection, ownership, security and privacy. Further, our 2015 report on University Intellectual Property found that the provincial government had virtually no rights to intellectual property resulting from the research it funded, representing potential losses in future benefits. These reports highlight the importance of considering data and intellectual property in the decision-making process. None of the business cases we reviewed considered these issues.

Our 2016 and 2019 reports on Climate Change illustrate that the impact on greenhouse gas emissions is not routinely considered in provincial decision-making. In 2016 we recommended that guidance be developed on how to account for the "social cost of carbon" (an estimate of the economic damage of greenhouse gas emissions), and in 2019 we recommended that the impact of decisions that affect emissions be evaluated and highlighted in

all Board submissions. At the time of our review, the business case template and guidance had not been updated to reflect this. By contrast, the United Kingdom and New South Wales, Australia, require business cases to consider environmental effects and benefits.

Of the 14 ministries represented in our sample, 10 have a Statement of Environmental Values under the *Environmental Bill of Rights*, which informs the public about their environmental responsibilities and values. Ministries must consider their Statements each time they make a decision that might significantly affect the environment. However, we found that of the business cases in our sample, only three included environmental considerations in their proposal, and none of the business cases directly referenced their ministry's Statement of Environment Values.

RECOMMENDATION 5

To strengthen its business case template to allow greater scope for decision-makers to make informed decisions or to defer a decision where appropriate, we recommend that the Treasury Board Secretariat:

- update the business case template and guidance to require that: data gaps be clearly identified and the impact on decision-making explained; and
- cross-cutting issues be considered, where applicable, including data governance, intellectual property, and environmental impacts; and provide guidance and training to preparers of business cases on how to incorporate such issues into decision-making.

SECRETARIAT RESPONSE

The Secretariat accepts the recommendation and understands the need for a more effective business case template to support evidence-informed decision-making.

The Secretariat will update the template to require ministries to clearly outline data gaps

and their impact on decision-making. The Secretariat will also update the template to include, where applicable, the impact on the environment, including greenhouse gas emissions, as well as data governance and intellectual property rights.

The Secretariat will work with ministries to improve knowledge and understanding of staff on how to address data gaps and cross-cutting issues, and how they will impact the proposal. Template instructions and the new formal training program for ministries will coach them on how to effectively complete those sections and address how those issues will impact their proposal.

4.3 Limited Opportunities for Business Case Training and Sharing of Best Practices

4.3.1 Secretariat Training and Feedback Not Directed to Initial Preparers of Business Cases

Business Case Training

Policy/program staff draft the majority of business cases; however, we have found that they attended fewer training sessions than corporate division staff. In our surveys of ministry staff, we found that 46% of all respondents (53% of corporate and 41% of policy/program respondents) highlighted training on business case development as an area for improvement. In their responses, multiple staff flagged that they would like regular training sessions (monthly or quarterly) on the in-year business case process and the Secretariat's expectations on business cases. Such training could improve the quality of business cases.

Before it launched its new template and guidance, the Secretariat held three web-based training sessions for submitting ministries in August 2019. The session provided an overview of the objectives of the new template, and walked through the mandatory components of the template, including

the risk assessment, options analysis and financial tables. The session also highlighted embedded resources and tools in the template, and referenced the new Business Case User-Guide.

Though training was open to anyone from ministries, the Secretariat sent the training information to ministry corporate divisions (as they are the primary point of contact for Secretariat analysts) and encouraged the corporate divisions to share the invitation with relevant policy/program staff. Our review of training attendance indicated that, excluding Secretariat and Cabinet Office staff, close to 60% of ministry attendees were from the corporate divisions and approximately 40% from policy/program divisions. Yet, based on our surveys and interviews, the policy/program staff draft the majority of the business cases.

While not specifically tailored to business case development, the Secretariat also provides training on risk management (offered in person and online multiple times throughout the year to all government staff, but targeted to corporate staff), performance measurement and evidence-based decision-making (both offered upon a ministry's request) and data analysis training (offered online to all government staff). In 2019/20, only four ministries participated in performance measurement training and only one ministry participated in evidence-based decision-making workshops.

However, as noted, nearly half of all respondents highlighted training as an area for improvement, with some asking for regular training sessions. One respondent suggested that the Secretariat should provide examples of a completed template to help illustrate what constitutes a good business case. Respondents also acknowledged the availability of other reference materials related to the submission process, but indicated a need for a simplified set of instructions and quick reference guides focused on specific types of projects (for example, IT and major infrastructure projects).

Secretariat Feedback: Assessment Notes

Secretariat analysts direct their questions on business cases to ministries' corporate divisions, and provide the assessment notes containing the Secretariat's formal analysis and advice on the business case for their review. As the primary point of contact, the corporate divisions generally work with policy/program staff to collect the information and respond directly to the Secretariat. It is up to the corporate divisions if they choose, to share the assessment note with the preparers of the business case in the policy/program areas of the ministry.

Our interviews with corporate division staff suggest that the practice of sharing this information with policy/program staff varies, with some staff flagging that they view the assessment note as confidential advice and will only share sections as needed. Among survey respondents, 25% of corporate division staff noted that they did not share the assessment note with preparers of the business case or other relevant program areas. Therefore, the initial preparers of business cases do not routinely interact with Secretariat staff directly and may not receive all of the information or advice shared by the Secretariat, resulting in a missed opportunity to share feedback on the quality of business cases or expectations for what constitutes a robust business case.

Similarly, we identified that, while there are avenues for sharing best practices among management in corporate divisions (such as the Business Planning Managers Committee, the Finance Business Management Council for directors in corporate divisions and the Chief Administrative Officer's Forum), similar opportunities are not available for policy/program staff or management.

By contrast, New Zealand's Treasury has a team that meets quarterly with government and broader public sector staff to respond to questions and share information and updates about the business case process. Attendees are expected to share updates and lessons learned with their colleagues.

RECOMMENDATION 6

To strengthen the ability of preparers of submissions to develop robust, evidence-based business cases, we recommend that the Treasury Board Secretariat (Secretariat):

- incorporate business case training into ministry staff learning and development plans;
- share best practices in business case development among initial preparers of business cases; and
- consider identifying Secretariat staff as "business case champions" to proactively assist ministries in the development of business cases.

SECRETARIAT RESPONSE

The Secretariat agrees with the recommendation and recognizes the importance of preparing staff for their roles so that they can have the necessary knowledge and tools to support the evidence-informed Board decision-making process.

The Secretariat will work with line ministries by leveraging existing Chief Administrative Officer office networks and the Deputy Minister Council to include business case training in staff learning and development plans.

In addition, the Secretariat will leverage existing line ministry training as well as training provided within the Ontario Public Service Finance Community to share and promote best practices and guiding documents.

The Secretariat will also assess and pursue additional ways (for example, business case champions) to engage policy and program staff in line ministries, share best practices and improve capacity to develop robust business cases.

4.3.2 Business Case Development Process and Decisions Not Publicly Available

Ontario does not publicly communicate information about the Board or Cabinet processes, including membership, mandate, responsibilities or other details. Further, business case templates and reference materials are only available on the government's intranet. By contrast, other jurisdictions such as the federal government and the government of Nova Scotia publicly communicate information about these government decision-making processes and publish business case templates and guidance material on their public-facing websites. Providing ministries, agencies, the broader public sector and the public at large access to information on the government's decision-making process may improve awareness, transparency and government accountability. In particular, this may be beneficial for provincial agencies and broader public sector organizations, who do not have access to internal government training on business cases, to provide them with greater context on the process and information expected as the ministries develop business cases on their behalf.

The outcomes of the annual business planning process are communicated publicly through the Budget and Estimates documents. However, with the exception of transfers of financial resources between voted appropriations (referred to as Treasury Board Orders) and amendments to legislation/regulations, details about other Board items, such as business cases for new or amended programs, are not made public. By contrast, New Zealand not only posts information about government decision-making, including Cabinet committee memberships and business case processes for the general public, but, starting January 2019, also publicly shares the final results of government decision-making via Cabinet minutes that are not classified as highly sensitive or confidential. This change was part of the New Zealand government's commitment to improve practices of proactive release of information, stating that it "promotes good government

and transparency and fosters public trust and confidence in agencies."

RECOMMENDATION 7

To promote transparency and government accountability, we recommend that the Treasury Board Secretariat publish overview information about key government decision-making processes, including Cabinet and Treasury Board/Management Board of Cabinet approval processes, and guidance on the development of business cases.

SECRETARIAT RESPONSE

The Secretariat accepts the recommendation and affirms the government's commitment to supporting full transparency and accountability in its reporting to the public, the Legislature and stakeholders. The Secretariat will work with partners to evaluate the appropriate information (government decision-making processes, templates for business cases and assessment notes) that can be publicly shared in accordance with the Open Government mandate and objectives.

5.0 Detailed Observations: Secretariat's Assessment of Business Cases and Oversight of In-Year Request Process

According to the 2019 Terms of Reference of the Treasury Board/Management Board of Cabinet (Board), the Secretariat has a responsibility to "use thorough, evidence-based analysis to ensure options have been assessed and recommendations are evidence-based." This advice and analysis are formally documented in an assessment note addressed to the Board that accompanies the business case. According to the Secretariat, the

assessment note should present analysis and critical evaluation of the submitted request and should not copy or reproduce the contents of the business case.

5.1 Assessment Notes Do Not Always Contain Sufficient Critical Analysis of Business Cases

We reviewed the 15 Secretariat's assessment notes that accompanied the business cases in our sample to assess the level of due diligence and assurance documented in these assessment notes. As outlined in **Appendix 6**, of the 15 assessment notes we reviewed, we assessed one (7%) as Leading, meaning that it provided a consistently high level of analysis, five (33%) as Emerging, meaning there were some inconsistencies in the quality of analysis, and nine (60%) as Lagging, meaning they had significant inconsistencies or gaps in analysis. None of the 15 assessment notes we reviewed fell into the lowest category, Lack of Readiness.

Overall, we found that, while the assessment notes did a good job in explaining why the requests were needed, they often restated information in the business case and fell short in providing the Board with a critical analysis of the business case. Specifically, in the assessment notes we reviewed we found:

- **The majority of assessment notes did not provide clear advice on the sufficiency of ministries' risk assessments and mitigation strategies.** While the assessment notes generally compared the risks identified by the Secretariat with those included in the ministry's business case, they did not always advise the Board on whether the ministry had identified and addressed all of the key risks. Two-thirds of assessment notes either did not assess if the ministries' risk mitigation plans were sufficient to manage the risks identified or did not advise on the impact of missing risk mitigation strategies in the business case. Fourteen of the 15 assessment notes did not comment on the risk of not proceeding with

the request, even though the business cases had not considered this issue.

- **Elements of the financial analysis of the request were consistently missing from assessment notes.** Ten assessment notes did not indicate whether the business case was based on cautious assumptions; nine assessment notes did not contain information on the impact of external factors on ministry revenue and expense projections; and nine assessment notes did not provide details on the impact of the request on provincial debt, where applicable. Because of its role as a central ministry, the Secretariat has a greater understanding of the government's overall fiscal plan and the government's principles for fiscal policy (as defined under the *Fiscal Sustainability, Transparency and Accountability Act, 2019*) (for example, financial sustainability over the long term) compared to a submitting ministry. Therefore, presenting this information to the Board is crucial in evaluating the business case within the context of other requests and priorities of the government.

- **Assessment notes did not provide an adequate assessment of the feasibility of ministry proposals.** We found that 47% of the assessment notes in our sample did not advise on the feasibility of the ministry's recommended option, and 47% also did not advise on whether the ministry had undertaken sufficient external and internal consultations with other ministries/agencies on its recommended option.

- **The majority of assessment notes did not evaluate the implementation and performance monitoring plans in the business cases.** In **Section 4.1.3**, we noted that business cases often lack information on performance measurement and plans for continuous improvement. When we reviewed the corresponding assessment notes, we found they did not evaluate or identify gaps in plans or

advise on the impact of missing plans in 73% of instances for implementation plans, and 80% of instances for performance monitoring plans; instead, they tended to reproduce the information provided in the business cases.

- **Assessment notes were not concise and often repeated content of the submissions.** To varying degrees, all assessment notes reproduced and summarized content in submissions, rather than evaluating them critically. According to the Secretariat, at times information is copied from the business case when there is limited time to review. Of the 15 assessment notes we reviewed, the average length was 25 pages, ranging from six to 48 pages.

The Secretariat told us that discussions around options, risks, mitigation strategies, financial and policy issues may also be held outside of the Board meetings, at briefings ahead of the meeting and at other meetings with ministry staff and ministers' offices. It is the Secretariat's assessment note, however, that represents the Secretariat's official advice to the Board. As a key decision-making document shared with the Board alongside the business case, it is essential that the assessment note provides a clear and complete critical analysis of the proposed business case.

Further, while Ontario's business cases and accompanying assessment notes are internal documents, there have been instances, such as the Fair Hydro Plan, where committees of the Legislature have released the information publicly as part of the scrutiny around the government's decision-making processes. Instances such as this underscore the importance of having the public service's analysis and advice well documented.

RECOMMENDATION 8

To help ensure that business cases receive sufficient due diligence and critical assessment, we recommend that the Treasury Board Secretariat provide staff who prepare assessment notes with

analytical skill-building opportunities (such as training, mentoring, coaching) in the following areas:

- assessing costing assumptions and considering impact of internal and external factors on revenue and expenditure projections, and the impact on provincial debt;
- critically evaluating risks of proposed initiatives and the sufficiency of the proposed mitigation plans;
- evaluating the sufficiency of consultation conducted and implications on decision-making; and
- evaluating ministry implementation plans and performance monitoring plans including performance indicators, data collection, oversight, and continuous improvement.

SECRETARIAT RESPONSE

The Secretariat agrees with the recommendation and recognizes the importance of preparing staff for their roles so that they can have the necessary knowledge and tools to support the evidence-informed Board decision-making process.

The Secretariat is currently developing a formal training program for Secretariat staff, in response to a need identified through feedback for a more formal program to support staff learning and development. The Secretariat will leverage current learning opportunities and present a more comprehensive and cohesive experience to support the on-boarding process and continuous learning and development for Secretariat staff to better prepare them. Training will allow analysts to conduct evidence-informed critical analyses of business cases, including:

- evaluating risks and mitigation strategies;
- analyzing costing assumptions and considering impact on revenue and expenditure projections of internal and external factors, and the impact on provincial debt; and

- reviewing implementation plans and performance monitoring plans, including performance indicators, data collection, oversight and continuous improvement.

This new training program will also provide staff with the tools and reference material to follow best practices and complete assessment notes.

RECOMMENDATION 9

To provide decision-makers with a clear and concise analysis of requests, we recommend that the Treasury Board Secretariat:

- reassess the length and contents of the assessment notes; and
- require compliance with assessment note length and content requirements.

SECRETARIAT RESPONSE

The Secretariat agrees with this recommendation and will review the assessment note template to ensure that the length and contents of the note provide decision-makers with a direct and succinct analysis, and that analysts adhere to the established requirements. Length and content requirements will be reinforced through formal training and other communications.

The Secretariat will conduct periodic reviews of the assessment note template to ensure continuous improvements are made on an annual basis and provide the necessary training to address any template changes.

5.1.1 Assessment Notes Consistently Did Not Identify Non-compliance with the Business Case Template

The business case template includes both mandatory sections (such as cost analysis or risk assessment) and optional sections (such as literature review). Mandatory sections are flagged in the Business Case User-Guide (2019), which states that "these sections must be completed, regardless of the

decision type(s) sought" (see **Figure 3** for mandatory sections).

Out of the 15 business cases sampled, only one had all of the required components based on the Secretariat business case template. The other 14 had at least one component of the template missing (for example, analysis of at least three options and the status quo, a cost/benefit or cost-effectiveness analysis, risk assessment or performance monitoring plan). The assessment notes that accompanied these business cases did not analyze the impact of the missing content, and only one assessment note included a recommendation to report back to the Secretariat on the missing information.

5.2 Timing and Format of Business Case Review Limit Opportunity to Add Value

Upon receiving a business case, Secretariat analysts may send the ministry a number of questions seeking additional information or clarifying the request. When time allows, this typically occurs in writing via email, but it may be addressed orally where time is limited. This is an informal process used to aid the analyst in developing the assessment note. However, the timing of the question-and-answer process vis-à-vis the required sign-offs and the way it is structured may limit the value of this review in supporting the development of robust business cases.

5.2.1 Business Cases Often Far Along in Approvals Process before Secretariat Analysis Is Received

The questions and answers exchanged between the Secretariat and the ministry are not shared with the Board. Information from these questions may be incorporated into the assessment notes, but depending on the significance of the question (for example, identification of increase in funding requested) and stage of ministry approval (for example, Assistant Deputy Minister-approved,

Deputy Minister-signed, or Minister-signed), ministries may not always update the business case to reflect additional information provided during this question-and-answer process. In our survey of ministry corporate divisions, close to 40% responded that they "rarely" or "never" provide draft business cases to the Secretariat before receiving either Assistant Deputy Minister, Deputy Minister or Minister sign-off. Similarly, in our sample of 15 business cases, four were provided to the Secretariat for the first time after the Deputy Minister had already signed off. Having already received these approvals may limit the ministries' willingness to make the Secretariat's suggested improvements to their business cases as additional re-approvals may be required.

5.2.2 Half of Questions Asked Were to Clarify Business Case

In total, we reviewed 277 documented questions the Secretariat asked ministries via email relating to our sample of 15 business cases. Two of the 15 business cases did not have documented questions due to the short time between the Secretariat receiving the business case and the Board date. We noted in our review that that over half the questions analysts asked submitting ministries were to either clarify their understanding of the business case (44%) or ask for timing on receipt of information or documents, such as the Minister-signed business case (7%). In the remaining questions, analysts asked ministries for new or additional information relating to required sections of the business case (40%) or provided advice to the ministry—for example, on how to best comply with government directives, or suggesting additional risks to consider (9%). We view the time spent on many of these questions as an inefficiency that could be reduced by improving the review process. If business cases were more concise (see **Section 4.1.1**) or provided to the Secretariat with sufficient time to review (see **Section 5.5**), there might be fewer requests for clarification. Further, if more time was provided to Secretariat

staff prior to formal sign-off by the ministry's senior executives, the Secretariat might be encouraged to provide additional advice to ministries during the development of the business cases.

5.2.3 Questions Often Did Not Identify Missing Components of Business Cases

We compared the emailed questions that the Secretariat asked ministries with our analysis of the 15 business cases and assessment notes. Of the 13 business cases with documented questions and answers, we noted that the Secretariat asked about missing required components of the business case for only four business cases:

- One business case lacked a complete options assessment and a cost/benefit analysis and a performance measurement plan. Through the question-and-answer process, the Secretariat asked the ministry to complete an analysis for an additional option and to conduct a cost/benefit assessment.
- One business case was missing an implementation plan. Here the Secretariat asked the ministry about proposed next steps.
- One business case was missing a complete options assessment. In this case the Secretariat asked the ministry if it had considered an alternative option.
- One business case was missing a performance monitoring plan, and the Secretariat asked the ministry to provide specific performance measures. Despite these questions from the Secretariat, these components were still missing in the final business cases submitted to the Board.

Other Jurisdictions Have a More Structured Review Process

In other jurisdictions this challenge function or question-and-answer process is more structured, with time built in to facilitate the review. For instance, the Treasury Board of Canada Secretariat's practice is to conduct a preliminary quality review to assess whether Treasury Board submissions made by federal departments contain all required elements and appendices, including, for example, sufficient rationale, an overview of the fiscal, human resources and IT impacts, value-for-money analysis, implementation plan and risk analysis. If the submission does not meet the quality criteria, the department is to receive feedback and is expected to revise its submission accordingly before it proceeds to the Treasury Board of Canada.

If the submission meets the quality criteria, the Treasury Board of Canada Secretariat will complete a substantive review by subject-matter experts and Treasury Board analysts. The process may entail multiple rounds of reviews and edits before the submission is assessed as ready to go to the Treasury Board of Canada. Final sign-offs by senior management and the Minister are not done until after this substantive review is complete. While exceptions are made for urgent submissions, the two-phased process provides federal departments with the opportunity to incorporate feedback into submissions prior to final senior management and Minister approvals.

According to the Treasury Board of Canada Secretariat, it reports back to all departments twice-yearly regarding the number of business cases that met or did not meet the criteria for the initial quality review, and the timeliness of analysts in conducting the quality review (five-day target) and substantive reviews (10-day target).

RECOMMENDATION 10

To support the development of robust business cases, we recommend that the Treasury Board Secretariat (Secretariat) work with the Secretary of the Cabinet to:

- revise current review and approval processes of business cases to require the review of business cases by the Secretariat prior to ministries obtaining final Deputy Minister and Minister sign-offs;

- require ministries to update business cases based on the Secretariat's assessment and comply with mandatory business case requirements before proceeding to the Treasury Board/Management Board of Cabinet, unless clear exemptions are provided; and,
- define and provide examples of clear exemptions to this review and approval process in guidance materials for the Secretariat and ministries.

SECRETARY OF THE CABINET RESPONSE

The Secretary of the Cabinet recognizes the importance of early and regular engagement of ministries with the Secretariat as business cases are developed.

As such, the Secretary of the Cabinet expects Deputy Ministers and their ministries to work with the Secretariat as they are developing their business cases for Treasury Board/Management Board of Cabinet submissions. The timeliness and effectiveness of Deputies' and ministries' consultation with central agencies, such as the Secretariat, is an important part of the Secretary of the Cabinet's annual assessment of Deputies' performance.

SECRETARIAT RESPONSE

The Secretariat accepts the recommendation and will formalize the engagement and feedback mechanism for the development of robust business cases.

The Secretariat will require, where possible, line ministries to provide drafts of business cases in advance of line ministry Deputy Minister sign-off (sign-off), unless clear exemptions are provided, and will provide ministries with feedback on this draft and outline changes recommended to occur before sign-off.

The Secretariat will update the User-Guide and templates to outline this recommended engagement and feedback process.

RECOMMENDATION 11

To support the development of robust business cases, we recommend that the Treasury Board Secretariat (Secretariat):

- clearly identify in the assessment note if required information is missing from the business case and the impact on decision-making; and
- establish a formal mechanism to allow the Secretariat to monitor and provide feedback to ministries on compliance with business case requirements, timeliness and quality.

SECRETARIAT RESPONSE

The Secretariat accepts the recommendation. If feedback is not adequately addressed, Secretariat analysts will be asked to note the information gaps in their assessment note and their potential impact on decision-making (for example, to note whether a section is not applicable or missing). The assessment note will be updated to include prompts for information gaps.

In addition, the Secretariat will monitor and provide feedback to line ministries on the timeliness and quality of business cases.

5.3 Secretariat Analysts Flag Need for Increased Training

Our 2015 audit on *Infrastructure Planning* highlighted high turnover rates of Secretariat staff who review capital planning submissions, and stated that ministries were required to educate new Secretariat employees each year about their portfolios. Similarly, turnover was flagged as a challenge in our interviews and survey of Secretariat staff for this review.

We found in our survey of Secretariat analysts that close to half (45%) responded that they did not have access to the necessary training and resources to carry out their duties in relation to in-year business cases. The respondents represent six of the

seven branches within the Secretariat who review business cases. Multiple respondents flagged that it would be helpful to provide standardized training to all analysts on how to assess business cases to ensure consistency.

In 2019/20, 111 full-time staff (excluding administrative support staff) that work in these divisions were directly involved in reviewing submissions. Because it is common for Secretariat staff to transfer to other positions within the public service, we assessed the turnover/transfer rate of those divisions directly involved in reviewing business cases. We found that the average annual turnover/transfer rate over the last five years was 34% per year. Since April 2015, 170 staff directly involved in the review of business cases had left the divisions.

The high rate of staff change among those who review business cases leads to inefficiencies, as new staff have to become acquainted with Secretariat's processes and the specific ministry portfolios they are assigned to before becoming proficient. There is a risk that that newer staff involved in reviewing business cases may not have the necessary experience or subject matter expertise to perform proper due diligence. Further, a Secretariat review in 2020 found that staff turnover in this part of the Secretariat is seen to limit the organization's performance.

RECOMMENDATION 12

To ensure that its analysts have a consistent understanding of what is required in the development of assessment notes, we recommend that the Treasury Board Secretariat provide analysts with on-going training, guidance, mentorship and coaching opportunities in conducting evidence-based critical analyses of business cases.

SECRETARIAT RESPONSE

The Secretariat agrees with the recommendation and acknowledges the need for all analysts to have a consistent understanding of the

requirements for what is included in assessment notes.

The Secretariat is in the process of developing a new comprehensive training program for Secretariat staff that will coach staff on how to critically analyze business cases so that they can be effectively used for evidence-informed decision-making.

5.4 Secretariat Abstains from Making Staff Recommendations on High-Risk Requests

Along with a critical analysis of the business case, the Secretariat is also responsible for providing evidence-based staff recommendations to the Board on ministries' requests. During the course of our review, we identified a number of instances where the Secretariat abstained from providing the Board with a staff recommendation relating to high-risk requests. This limits the Secretariat's opportunities to provide impartial advice and to assist in promoting transparency in the advice provided to decision-makers.

Analysts can make the following types of recommendations:

- **Approve** the ministry's request with or without conditions
- **Do not approve** all or part of the ministry's request
- **Defer** decision to a later date or process (for example, the annual business planning process)
- **Authorize** to negotiate, to proceed, to sign, to enter into a contract, or to take other action
- **Report back** with more information
- **Hold back** an allocation of money pending receipt of further information
- **Approve the ministry request in principle** (usually requires a report-back with more detail at a later date)
- **Recommend** Orders in Council, regulations and legislations for Cabinet approval

- **Board judgment:** the Secretariat does not provide a recommendation on the item, and the Board must make a decision without a staff recommendation

These recommendations have been in use by the Secretariat for at least the past three decades, with the exception of Board judgment, first used in 2000.

Use of Board Judgment Removes the Transparency of Secretariat's Advice

According to the Business Case User-Guide (2019), Board judgment is used "when there is not enough information or the business case is insufficient, or there was inadequate time for Secretariat staff to develop a recommendation." This suggests that we would have found Board judgment to be used in instances where not all risks or costs were known or there had not been adequate time for the Secretariat to conduct the due diligence necessary to provide a recommendation. However, in practice, Board judgment has been used where the public service has conducted due diligence, but was not comfortable recommending the approval of a particular request because of the high risk associated with the request or because it was a government driven request.

For instance:

- During the October 2018 hearings on the Select Committee on Financial Transparency, the Associate Deputy Minister at the time stated that the Secretariat had flagged a series of risks (legal, accounting, finance) in relation to the Fair Hydro Plan, and that Board judgment was used, which means "our [Secretariat] staff aren't comfortable giving approval of going ahead with that particular proposal."
- In 2017, the Secretariat recommended Board judgment on a proposal to publicly announce an infrastructure project prior to construction approvals (contrary to Board directives) and name it after a current MPP before local consultation occurred (contrary to the Ministry

of Infrastructure's policy). The assessment note indicated the urgency of the ministry's request was in light of a planned announcement of the name of the new facility at a celebration of the MPP's career, scheduled for the same date as the Board meeting.

- In 2016, the Secretariat issued a Board judgment recommendation for a major transit infrastructure project with estimated construction costs of $550 million, flagging in the assessment note that the project had higher incremental costs than economic benefits, and had a substantially lower revenue-cost ratio than the existing transit system.

The Secretariat does not track the types of staff recommendations made. However, at our request, the Secretariat identified a total of 72 business cases that went to the Board in the last five years, between April 1, 2015, and March 31, 2020, where it recommended Board judgment. Based on our review of the accompanying assessment notes, only five, or 7%, indicated there was insufficient information in the business cases. However, we noted that the Secretariat flagged numerous risks related to the ministries' business cases, some of which were quite significant (such as lack of value for money for the request). **Figure 8** outlines the types of key risks or rationale provided in the assessment notes accompanying recommendations to use Board judgment.

Out of the 72 business cases with Board judgment recommendations, 24 were related to the Agencies and Appointments Directive, seeking decisions on items such as remuneration, establishment of a new advisory body, and the mandate review of an agency. According to the Agencies and Appointments Directive, Board judgment should be used to consider, on a case-by-case basis, remuneration for special advisors and appointees to short-term advisory bodies that is equal to or exceeds $2,000 per day. Of these 24 business cases, only 11 were seeking remuneration for a special advisor or appointee to a short-term advisory body of $2,000 or more per

Figure 8: Key Risks or Rationales Included in Secretariat's Assessment Notes with Board Judgment, 2015/16–2019/20

Source of data: Treasury Board Secretariat
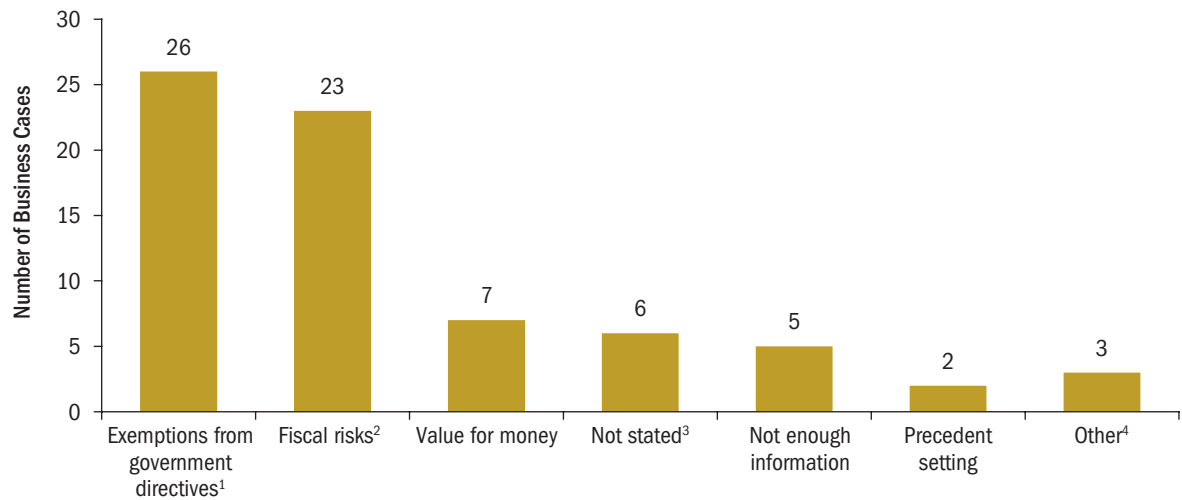
1. Risks flagged in the assessment note include exemptions from the Agencies and Appointments Directive (24 instances), and business case not aligned with other government directives (2 instances).
2. Risks flagged in the assessment note include general fiscal risks (14 instances), no financial offset proposed for current or future years of the proposal (7 instances), and cost uncertainty (2 instances)
3. Refers to assessment notes where the major risks of the business case were not clear (6 instances).
4. Includes risks flagged in the assessment note relating to COVID-19 (2 instances) and labour relations (1 instance)

day, and therefore required Board judgment, per the Agencies and Appointments Directive.

In comparison to the use of Board judgment, the Secretariat uses the "Do not approve" recommendation far less frequently. Over the same five-year period, the Secretariat identified a total of four in-year business cases where the Secretariat recommended "Do not approve." In the four business cases, the Secretariat flagged key risks similar to those where Board judgment was used, including fiscal risks, insufficient information, value for money concerns and the request not being aligned with precedent.

Our survey of Secretariat analysts found that 69% of respondents had recommended Board judgment in the past. When asked the main reason for using Board judgment, the top two responses the analysts provided were that the business case is considered high-risk (45%) or is driven by a government choice (40%). Other reasons include not enough time to analyze a submission and develop a recommendation (10%) and the request seeking an exemption from government directives (5%).

One respondent indicated Board judgment would be used if they did not think the business case should be approved but there was government pressure to approve it. Further, two respondents stated that their recommendations could be changed to Board judgment as a result of direction from Secretariat senior management or as a result of the briefing process.

In 2019, the Organisation for Economic Co-operation and Development (OECD) outlined 14 recommendations to guide improvements in public leadership and capability. Included in its recommended actions is building leadership capacity, in particular by "ensuring senior-level public servants have the mandate, competencies, and conditions necessary to provide impartial evidence-informed advice and speak truth to power." Having an option to abstain from making a staff recommendation is not conducive to supporting this concept. Other jurisdictions, such as the federal government and the United Kingdom, do not have the option to abstain from providing a staff recommendation on Treasury Board submissions.

While not directly tied to the Treasury submission process, the United Kingdom HM Treasury's handbook, *Managing Public Money*, sets out four standards by which all public money must be handled: regularity (compliance with legislation or agreed-upon budgets), propriety (meeting the high standard of public conduct, including robust governance and transparency), value for money (achieving a good-quality outcome for the cost) and feasibility (likelihood of successful implementation). If a situation arises where a Minister decides to pursue a course of action that the accounting officer (comparable to a Deputy Minister) believes does not meet at least one of the above criteria, the accounting officer is required to write to the Minister expressing concern and requesting written direction to proceed. Upon receipt of a ministerial direction, the accounting officer is required to comply. A copy of the letter is shared with the Treasury, the Comptroller and Auditor General, Parliament's Public Accounts Committee, and, starting in 2011, the public. In practice, a draft of the direction may accompany the Treasury submission, or may be issued after the decision is made.

According to the Institute for Government, a United Kingdom think tank, 89 written directions were issued between 1990 and July 2020, with over 60% of them relating to value-for-money issues. For example, in 2016, ministerial direction was sought to increase the government's pre-construction commitment to a privately sponsored pedestrian bridge by £15 million to underwrite cancellation liabilities, as the accounting officer believed this represented a disproportionate level of exposure for the government. One year later, in 2017, a review conducted on behalf of the Mayor of London (the city was also contributing to the project) to determine if the project had value for money concluded that it would be better to terminate the project than risk uncertain costs. The project was subsequently terminated at a total cost of £53 million.

Other Jurisdictions Separate Secretariat Advice and the Minute

Another factor that may create additional pressure to use Board judgment as opposed to a recommendation of "Do not approve" is that Secretariat analysts are required to include a draft Board decision (that is, the minute) as part of the assessment note. This is drafted ahead of time to save time at the meeting, and the Board may alter the minute before sending it to Cabinet for ratification. Often the draft minute reflects the Secretariat's recommendations (for example, to approve or to report back); however, in instances of Board judgment a draft minute is typically still provided, reflecting the ministry's request, should the Board decide to move ahead with the decision. In contrast, in Manitoba, for non-routine items such as fiscally significant requests, the minute is not provided to the Board ahead of time. The Board receives only the submission and the Secretariat's assessment of the provincial department's request, as the Secretariat "may have different recommendations than what the department has requested in its submission."

RECOMMENDATION 13

To provide the Treasury Board /Management Board of Cabinet with impartial evidence-based recommendations and promote transparency, we recommend that the Treasury Board Secretariat:

- update training and guidance materials to clearly outline when different types of recommendations should be used;
- require that assessment notes include a clear rationale for all staff recommendations;
- eliminate the use of Board judgment as an option available for staff recommendations; and
- require and encourage Secretariat staff to provide recommendations based on their analysis that are fiscally sustainable and that support prudent financial management and

the effective and efficient delivery of public services.

SECRETARIAT RESPONSE

The Secretariat recognizes the importance of evidence-based decision-making with prudence and transparency in alignment with the government's fiscal plan. The Secretariat is committed to enhancing the transparency and accountability of the province's finances.

The Secretariat believes the use of Board judgment is currently a valuable option available to analysts where there is limited opportunity to review incoming material or the request is not in compliance with Board directives. However, the Secretariat does commit to review the use of this term.

The Secretariat will continue to stand by its commitment to transparency and accountability by providing training that will include guidance on when to use relevant recommendations and to provide clear supporting rationales. This will be incorporated into a new training program being developed, which will also re-emphasize the importance of, and inform staff on how to evaluate and consider, recommendations that are fiscally sustainable.

POSITION OF THE OFFICE OF THE AUDITOR GENERAL

Part of the Treasury Board Secretariat's mandate is to help "deliver good government and sustainable public services in the most effective and efficient way possible."

As such, one would expect the Secretariat to consistently provide the Board with impartial, evidence-based recommendations that reflect its analysis. One would also expect that unless in states of emergency or in circumstances of critical importance to the province, the Secretariat would provide a "do not approve" recommendation for proposals or requests not compliant with legislation, regulations or Board

directives; and, where there is insufficient time to conduct a critical assessment of a business case, the Secretariat would recommend that the business case not be presented to the Board until such analysis can be completed.

The use of Board judgment is contrary to this commitment and these expectations.

5.5 Insufficient Time Provided for Adequate Due Diligence of Ministries' Business Cases

According to the Business Case User-Guide (2019), required timelines for receiving final business cases are supposed to provide time for adequate due diligence by Secretariat analysts, and to allow Board members to make their decisions confidently and understand both the nature of the issue and the consequences of their decisions.

5.5.1 Late Business Cases Impact Quality of Secretariat's Assessments

The assessment notes in our sample generally scored better the more time that was provided to review the initial drafts of the business cases. For instance, on average, the assessment notes assessed as Leading had received the most time, those assessed as Emerging had received the second most, and the ones assessed as Lagging had received, on average, the least time for review by the Secretariat. In response to our evaluation of assessment notes, the Secretariat provided instances where the first draft of the business case was received one week before the Board date, and the minister-signed business case, with revisions, was received on the same day as the Board meeting.

When Secretariat analysts were asked about areas for improvement, 62% of the survey respondents flagged adherence to timelines and sufficient time to review business cases as primary areas of concern. For instance:

- According to one analyst, "the biggest challenge is with ministries and the liberties

they take with the supposed timelines for submissions and sign-off. It's so rare that a Ministry provides a solid submission on time, and so the pressure is always on the analyst to turn around an assessment note virtually overnight."

- Another analyst stated, "Late and unsigned submissions do not provide sufficient time for due diligence such that fulsome recommendations can be made to [the Board]."

5.5.2 Required Timelines for Business Cases Not Systematically Tracked or Complied With

The Secretariat does not centrally track or monitor compliance with timeline requirements for business cases. Until September 2018, business cases had to be signed by the Minister responsible and submitted to the Secretariat no less than three weeks before the Board meeting. In November 2017, the Secretariat conducted a review of 115 business cases and found that only 36% met this timeline. In

September 2018, the timeline for Minister-signed business cases was relaxed to one week before the Board meeting date, and additional timelines for senior management sign-off were added:

- Assistant Deputy Minister-approved drafts must be provided to the Secretariat no later than **three weeks** before the planned Board meeting date;
- Deputy Minister-signed drafts must be provided to the Secretariat no later than **two weeks** before the planned Board meeting date; and
- Minister-signed final business case must be provided to the Secretariat no later than **one week** before the planned meeting date.

Based on our sample of 15 business cases from September 2019 and March 2020, we found that 67% did not meet at least one of the Secretariat's required timelines for senior management approval (refer to **Figure 9**). Specifically:

- only 33% of business cases were approved by the Assistant Deputy Minister within three-weeks of the Board meeting date;

Figure 9: Adherence to Timeline Requirements for Submission of Business Cases to Secretariat
Prepared by the Office of the Auditor General of Ontario

	Required Timelines		
	Assistant Deputy Minister Approval: Provided to the Secretariat three weeks before Treasury Board/Management Board of Cabinet (Board) meeting	**Deputy Minister Sign-off:** Provided to the Secretariat two weeks before Board meeting	**Minister Sign-off:** Provided to the Secretariat one week before Board meeting
	Sample of 15 Business Cases		
	#	%	#	%	#	%
Signed Off						
Signed within required time frame	n/a[1]	n/a[1]	5	33	6	40
Not signed within required time frame	n/a[1]	n/a[1]	10	67	9	60
Provided to Secretariat						
Provided to Secretariat within required time frame	5	33	2	13	5	33
Not provided to Secretariat within required time frame	10[2]	67[2]	13	87	10	67
Total	15	100	15	100	15	100

1. Per the Board's Terms of Reference, there is no formal sign-off requirement for Assistant Deputy Minister-approved business cases.

2. In four instances no Assistant Deputy Minister version was provided to the Secretariat.

- only 33% of business cases were signed off by the Deputy Minister at the required two-week mark; and
- less than half (40%) of business cases were signed by the Minister at the one-week mark.

The Board's Terms of Reference are silent on required timelines for material to be provided to the Board ahead of the meeting.

According to the Board's Terms of Reference, any request for exemptions to the timelines must be submitted to the offices of the Board Chair and Board Secretary and should include a strong rationale to support the request, with information on the risk to government if the business case does not proceed. (Responding to emergencies where public safety is at risk is one such rationale.) Providing exemptions to these timelines is at the sole discretion of the office of the Board Chair. However, the Secretariat does not track this information and was unable to provide a complete listing of exemptions requested or provided in the last fiscal year. Additionally, the Secretariat informed us that for "expediency and convenience," ministries can also now contact the Board Chair's office by phone or email to request exemptions, instead of using the formal memorandum process. For these reasons, we were unable to assess how often this exemption is used.

RECOMMENDATION 14

To provide the Treasury Board Secretariat (Secretariat) with sufficient time to review and conduct adequate due diligence, we recommend that the Secretariat:
- require the sharing of draft business cases with the Secretariat in situations where approvals from the Assistant Deputy Minister and Deputy Minister may not be possible within required timelines;
- centrally track compliance with required timelines for business cases;
- centrally track exemptions from timelines and reasons for the exemption; and

- based on this information, make operational improvements.

SECRETARIAT RESPONSE

The Secretariat accepts the recommendation and will ensure that the Secretariat has sufficient time to conduct due diligence.

As noted earlier, the Secretariat will request line ministries to provide drafts of business cases in advance of line ministry Deputy Minister sign-off (sign-off) and will provide ministries with feedback on this draft and outline requested changes to be made before sign-off.

The Secretariat will track compliance with business case timelines and will develop a mechanism to centrally track exemptions and rationales. The Secretariat will review compliance with timelines and exemptions provided, and make operational improvements to alleviate the identified barriers to timely submission.

5.6 Late and Incomplete Reporting to the Board Reduces Accountability and Creates Inefficiencies

The Board may request ministries to report back to it with additional information if a business case is missing key components or to provide further information or updates on a project or program. These "report-backs" may be requested by the Board as an in-year business case, as part of a ministry's annual business plan, or provided along with its quarterly reporting.

5.6.1 Nearly Two-Thirds of Report-Backs in 2019/20 Were Provided Late to the Board

In our review of all report-backs provided to the Board in 2019/20, we found that 72 or 39% of the total 185 report-backs were on time or early, but close to two-thirds (113, or 61% of the 185 report-backs) were late. Of those that were late,

26 (23% of 113) exceeded 60 days and eight (7% of 113) exceeded 100 days past the due date (refer to **Figure 10**). In addition, as of June 2020, 96 report-backs that were due in 2019/20 were still outstanding.

According to the Secretariat, there may be a variety of reasons why report-backs are late. For example, the ministry may need additional time to implement the direction of the Board (for instance, the ministry needed to complete consultations), or the report-back was incomplete and required the ministry and Secretariat to exchange repeated questions and answers.

In 2019 the Secretariat implemented a new module in its information system to centrally track report-backs. Before this date, the Secretariat did not centrally track report-backs, and updating information on individual report-back requests was difficult. However, the new module does not yet identify whether a report-back was presented as part of the quarterly, in-year or annual business planning process.

5.6.2 Incomplete Information Reported Back to the Board Leads to Inefficiencies

Of the 185 report-backs received by the Board in 2019/20, 42 (or 23%) led to subsequent report-

backs. This suggests that the initial report-backs either did not meet the Board's original request, or the information provided led to new requests or the need for ongoing updates.

To better understand this, we reviewed a sample of 30 report-backs from 11 ministries that were submitted in 2019/20 to determine (a) whether they met the direction of the original minute, (b) if subsequent report-backs were requested, and (c) if so, why. Of the 30 report-backs we reviewed we found:

- 12, or 40%, did not meet the requirements of the initial minute, and in 11 of those cases the Board directed the ministry to report back again with the same information; and
- of the 18, or 60%, that did meet the requirements of the initial minute, 13 resulted in subsequent report-backs on matters such as quarterly updates on progress.

Similarly, the Secretariat's own assessment of report-backs received in the 2019/20 annual business plans found that 35% of the report-backs "did not meet the expectations of the original minute." For these, the Secretariat recommended that the Board request additional report-backs.

Incomplete report-backs to the Board may result in decision-makers not having all of the information required to finalize a decision. They also create

Figure 10: Timeliness of Report-Backs to the Treasury Board/Management Board of Cabinet in 2019/20
Source of data: Treasury Board Secretariat
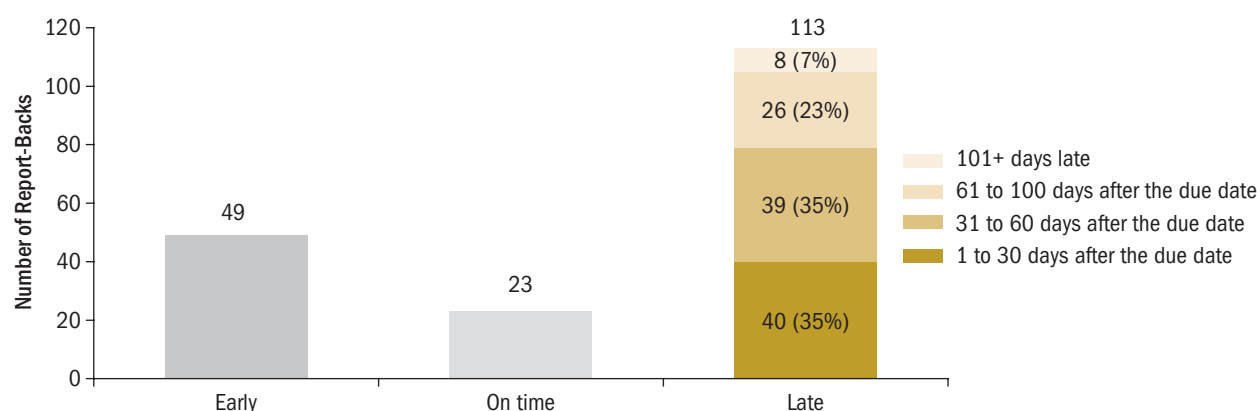
Note: As noted in **Section 5.6**, the Board may request ministries to report back additional information if a business case is missing key components or to provide further information or updates. While the Secretariat does not track all of the reasons why the 113 report-backs were late, examples provided by the Secretariat include extra time needed to implement Board direction and extensive back-and-forth on questions with the Secretariat.

inefficiencies, as the ministry may be directed to return to the Board multiple times for the same request.

In one example, a request made by a ministry in its annual business plan led to a total of five report-back requests. Two of those could have been avoided if the initial report-back had contained all the required business case information. The initial report-back was 136 pages long, but was missing a cost/benefit analysis and performance monitoring plan, and had an incomplete options analysis, all of which are required in the business case template. Following this report-back, the Board requested four more report-backs to supply the missing cost/benefit analysis and performance measures.

RECOMMENDATION 15

To strengthen the quality and timing of reporting to the Treasury Board/Management Board of Cabinet (Board), and to reduce the need for multiple business cases for the same item, we recommend that the Treasury Board Secretariat:

- require that report-backs include required information before they are submitted to the Board, where feasible; and
- require analysts to assess if report-backs meet the initial request and clearly indicate this in the assessment note.

SECRETARIAT RESPONSE

The Secretariat accepts the recommendation and will improve the quality and timing of report-backs to the Board by working with ministries to ensure report-backs are complete and contain the information required by the Board.

The assessment note template will be updated to flag for assessment of whether report-back requirements have been met.

5.6.3 Reporting to the Board Inconsistent for Significant Projects

There are no formal guidelines for Secretariat analysts or the Board when deciding what type of report-back to recommend or request. According to the Secretariat, items that are reported back through the annual business planning process typically have multi-year impacts; report-backs through an in-year business case provide more substantive information or status updates and may be required for approval; and report-backs in the quarterly reporting process are usually for routine items for which the Board wants an ongoing update.

For items that ministries have been directed to report back via the quarterly reporting process, ministries complete report-back templates and submit them to the Secretariat. Quarterly report-back templates have fewer requirements than the in-year business case template, but include key information such as overall project/program funding, fiscal risks (that is, may require additional funds) and proposed strategies to manage these risks, opportunities to identify savings, implementation status, results to date, and risks and mitigation strategies.

Additionally, ministries are required to submit quarterly risk-based reporting templates to the Secretariat for select items. Board directives require that ministries provide quarterly status updates on large I&IT projects over $20 million; report on risks in meeting previously approved budget, timeline and scope for major infrastructure projects in the construction phase, or those substantially completed during the quarter; and to report on high risks in provincial agencies they are accountable for by describing and categorizing each risk, and outlining mitigation plans.

The Secretariat rolls up this information into a quarterly reporting presentation and performance dashboard for the Board. However, the presentation slides only include a few sentences on each item, including brief background, the number of report-backs requested, whether the report-back has a fiscal risk, and next steps. While some items have

additional details on issues, risks and mitigation in the accompanying appendices, the templates completed by the ministries are not provided to the Board.

The information in the quarterly reporting presentation slides focuses primarily on financial risks. However, providing additional details to the Board, especially those related to operational and implementation risks, would provide the Board with key context on priority projects/programs. In our interviews with Board members, we found an interest in receiving more clarity on the types of projects that require a report-back and how often they are required. One Minister indicated interest in identifying key projects or priorities to receive more comprehensive and frequent report-backs, such as social assistance reform.

Aside from large I&IT projects, major infrastructure projects and high risks in provincial agencies, there are no specific or regular quarterly reporting requirements for other significant projects or programs (for example, a large grant program or social assistance program). The Secretariat would need to request report-backs for these types of projects/programs on an ad hoc basis via the minute, if desired.

In 2019, Treasury Board Secretariat of Canada introduced a new directive that mandates reporting to the Office of the Controller General on scope, schedule, costs and risks for all projects over $25 million. The directive also includes requirements in relation to reporting performance measures and reviewing lessons learned from other similar projects/programs.

Having regular and more detailed risk-based reporting for all significant projects/programs provides the opportunity to inform decision-making on similar items in the future and to use lessons learned to avoid certain risks.

RECOMMENDATION 16

To ensure the Treasury Board/Management Board of Cabinet (Board) receives sufficient

information on significant initiatives, we recommend that the Treasury Board Secretariat:

- identify parameters for report-backs for all significant projects/programs, including both financially and publicly significant initiatives; and
- provide additional implementation and operational details in the quarterly reporting for significant projects/programs.

SECRETARIAT RESPONSE

The Secretariat accepts the Auditor General's recommendation and recognizes the importance of ensuring that the Treasury Board/Management Board of Cabinet receives sufficient information on significant initiatives.

The Secretariat will establish formal parameters for report-backs for all significant projects/programs and, through a new training program and instructions, ensure that staff has an understanding of the parameters for report-backs, that is, for initiatives that are both financially and/or publicly significant.

The Secretariat will ensure the preparation of quarterly reports for significant projects/programs that meet the new parameters for report-backs.

5.7 Secretariat Does Not Have Sufficient Systems or Performance Measures in Place to Monitor Business Case Process

Despite the importance of monitoring and performance measurement emphasized in the Secretariat's guidance materials, the Secretariat does not have any performance measures to monitor and assess business case development, assessment notes or the in-year process overall. In addition, the Secretariat does not collect, track or monitor data that would be useful in assessing the efficiency and effectiveness of the in-year process.

For instance, the Secretariat does not centrally track compliance with the timelines for the submission of business cases or ministries' requests for exemptions (see **Section 5.5** for our analysis of timelines). As a result, it cannot assess whether ministries are meeting the timeline requirements, or if some ministries are consistently performing better than others.

The Secretariat also does not centrally track the types of recommendations its staff make (Approve, Do not approve, Board judgment, and others), or their frequency and consistency of use (refer to **Section 5.4** for more information on staff recommendations). The Secretariat therefore also cannot track the variance between staff recommendations and Board decisions.

Aside from the individual assessment notes or discussions throughout the briefing processes, the Secretariat does not assess the overall quality of business cases or formally communicate its performance evaluations to ministries on an ongoing basis. Having a monitoring or continuous improvement plan for business case development across government would provide the Secretariat with the information needed to communicate performance evaluations to ministries, identify areas for improvement in business case development, and provide targeted support to ministries where needed.

Other ministries and departments monitor performance for similar decision-making processes. For instance:

- Ontario's Cabinet Office centrally tracks the percentage of Cabinet submissions provided on time as one of its key performance indicators.
- The Treasury Board of Canada Secretariat reports back to all departments twice-yearly regarding the number of submissions that passed or failed its initial quality review (see **Section 5.2**).
- The Treasury Board of Canada Secretariat tracks "the degree to which Treasury Board submissions transparently disclose financial risk" as a key performance indicator. This indicator is based on a review of a representative sample of Treasury Board of Canada submissions to identify if costing assumptions have been disclosed and are reasonable, if a sensitivity analysis has been completed, and if both controllable and uncontrollable financial risks have been disclosed.

RECOMMENDATION 17

To effectively assess the quality of business cases and the effectiveness of its submission process, we recommend that the Treasury Board Secretariat (Secretariat):

- establish a performance measurement plan for the business case development process;
- monitor ministries' performance in the development of robust business cases and communicate the results to ministries twice yearly;
- monitor the quality of assessment notes and communicate results to Secretariat analysts twice yearly; and
- centrally track and review the types of Secretariat staff recommendations provided to the Board.

SECRETARIAT RESPONSE

The Secretariat accepts the recommendation and is currently working with fiscal directors and line ministry counterparts to develop a performance measurement framework that will assess the quality of business cases and the submission process. This framework will comprehensively review the effectiveness and efficiency of the process (for example, timeliness and/or completeness of submissions), and the quality of materials developed (business cases and assessment notes).

Review results of both business cases and assessment notes will be communicated to preparers twice yearly.

The Secretariat will also develop a mechanism to centrally track all Secretariat recommendations provided to the Board.

5.8 Existing Practices Discourage Efficiency and Co-ordination with Other Approval Processes

5.8.1 Opportunity to Reduce Volume of Business Cases Requiring Board Approval

Not all decisions are required to come to the Board for approval. Depending on the nature and monetary value of the request, a number of decisions have been delegated under the *Financial Administration Act* to the Minister responsible for the request, the Chair of the Board, or committees created to support Board decision-making processes (see **Figure 11**). These delegations were last updated in 2014 and 2015.

However, while the legal basis for delegations remains in place, starting in June 2018, all items are now brought to the Board. This has included the suspension of three committees that have delegated powers from the Board (the Information and Information Technology [I&IT] Project Approval Committee, Supply Chain Leadership Council, and Infrastructure Delivery Leadership Council). Items that previously went to those committees for approval or recommendations that now go directly to the Board include delivery options for infrastructure projects, quarterly infrastructure and I&IT update reports, and business cases for lower-value procurement and I&IT projects.

Delegating certain categories of decisions (such as transfers of funds within or between ministries) or those that fall below a specific monetary threshold (such as $20 million for competitive procurements) is meant to improve the efficiency of the Board's decision-making and allow it sufficient time to consider important and high-value requests, including capital projects.

The Secretariat's current information systems used for business cases do not track which requests since June 2018 would have previously been included under these delegations. However, consensus items (see **Figure 5**) are typically more routine decisions that are not allocated time for discussion at the Board meeting. In our review, we found examples of consensus items that may have previously gone to a committee for approval (for example, procurement requests valued at $5 million and $8 million). In 2019/20, the number of consensus items provided to the Board was 202. This compares to 62 consensus items in 2017/18, before the three delegated committees were suspended. Based on our review of decision memos for the three delegated committees, a total of 84 items were considered in 2016/17 and 121 items in 2017/18.

Based on surveys and interviews with ministry staff, the lack of application of these delegations in practice and suspension of these committees have posed challenges to the expediency of decision-making (for example, for lower-value procurement) and reduced opportunities for detailed discussions on major capital projects. For instance:

- One ministry finance director stated that since the dissolution of the Supply Chain Leadership Council, business cases for simple procurement requests can take three months or longer. One Chief Administrative Officer commented further that the Councils' dissolution has created more work for ministries on low-dollar-value and low-risk procurements.
- A ministry program manager involved in capital projects commented that the experience of the Infrastructure Delivery Leadership Council—which previously consisted of Assistant Deputy Ministers from a variety of ministries and the Chief Financial and Risk Officer at the Ontario Financing Authority that were familiar with capital planning, finances and risks—lent itself well to providing a detailed critique on the capital project.

Figure 11: Board Approval Thresholds and Delegations of Authority

Prepared by the Office of the Auditor General of Ontario

Types of Business Case Requests	Approval Thresholds and Delegations Prior to June 2018	Approval Thresholds and Delegations in Practice after June 2018[1]
Information and information technology (I&IT) projects	• **Ministry:** up to $2 million • **I&IT Project Approval Committee**[2]: $2 million and $20 million • **Board:** $20 million or more	• **Ministry:** up to $2 million • **Board:** $2 million or more
Competitive and non-competitive procurements[3]	• **Ministry:** up to $2 million • **Supply Chain Leadership Council**[4]: $2 million and $20 million[5] • **Board:** $20 million or more	• **Ministry:** up to $2 million • **Board:** $2 million or more
Non-competitive procurements for consulting services[3]	• **Ministry:** up to $0.5 million • **Supply Chain Leadership Council:** $0.5 million and $1 million • **Board:** $1 million or more	• **Ministry:** up to $0.5 million • **Board:** $0.5 million or more
Major infrastructure projects (planning, delivery model and construction approval)[6]	• **Infrastructure Delivery Leadership Council**[7]: recommendation of a delivery model for projects with capital costs over $100 million, or if directed by the Board • **Board:** provides approval for planning, delivery model (after review by the Council), and construction	• **Board** provides planning, delivery model and construction approval
Major infrastructure projects (changes after construction approval)	• **Infrastructure Delivery Leadership Council:** approval of changes to projects that would have a material impact on overall cost of less than 5%, or less than $10–25 million, depending on the type of project,[8] or would change proposed project outcomes; and/or would change timelines by more than six months; and/or would entail material changes to the financing term of public private partnership projects • **Board:** approves changes to projects that could materially impact the provincial fiscal position or policy objectives	• **Board** approves any changes after construction approval
Transfers of funds	• **Minister:** within a ministry, other than transfers with human resources implications; between operating and capital allocations; or between assets and expenses • **Board Chair:** between ministries; and from the Contingency Funds[9] valued at less than $5 million • **Board:** all other transfers	• **Board** approves all transfers of funds

1. Delegations have not been revoked in law.

2. The I&IT Project Approval Committee was created under the Policy on the I&IT Project Gateway Process, 2005; it comprised 10 I&IT and corporate leads (Assistant Deputy Minister-level) from seven ministries, some of whom were cross-appointed to the Supply Chain Leadership Council.

3. Procurements that can be funded within existing allocations require the above-listed approvals. All procurements for which funding has not been allocated require Treasury Board/Management Board of Cabinet approval.

4. The Supply Chain Leadership Council was proposed as part of a broader government Supply Chain Management strategy, 2006; it comprised 12 procurement and corporate leads (Assistant Deputy Minister-level) from 12 ministries, some of whom were cross-appointed to the I&IT Project Approval Committee.

5. If an exemption to the Ontario Public Service Procurement Directive is required for a non-competitive procurement, the Supply Chain Leadership Council could approve procurements worth between $2 million and $10 million.

6. The Board must provide approval in two stages for major public infrastructure projects: planning and construction.

7. The Infrastructure Delivery Leadership Council was instituted by the Directive for Major Public Infrastructure Projects; it comprised eight capital leads (Assistant Deputy Ministers) from seven ministries and the Chief Financial and Risk Officer from the Ontario Financing Authority).

8. Provincial costs that exceed the Board-approved budget by (a) for projects in procurement, more than 5% for projects with a long-term maintenance component or 10% otherwise; (b) for projects under construction, the lesser of (i) 5% or $10 million for social infrastructure projects, or (ii) 5% or $25 million for civil infrastructure projects. Infrastructure Delivery Leadership Council is to refer cost variations with a significant fiscal or public policy impact to the Board.

9. The Contingency Funds are two centrally held funds (one for operating and one for capital spending) established for unexpected in-year events (such as forest fires).

RECOMMENDATION 18

To help ensure effective and efficient decision-making at the Treasury Board/Management Board of Cabinet (Board) by reducing the volume of less significant business brought before it, as appropriate, we recommend that the Treasury Board Secretariat:

- reassess current thresholds and applications of thresholds and delegations of authorities pertaining to Board approvals; and
- reassess the role of delegated committees in supporting the work of the Board.

SECRETARIAT RESPONSE

The Secretariat accepts the recommendation and will work with the Minister's Office to review the feasibility of reassessing existing thresholds and their application in the delegation of authorities pertaining to Board approvals. While the delegated committees have been suspended at this time, the Secretariat will discuss and assess the role they may serve once/if suspension is lifted.

The Secretariat will reassess the use of existing delegated committees of the Board (for example, the Supply Chain Leadership Council and Infrastructure Delivery Leadership Council) and their approval thresholds.

5.8.2 Room for Co-ordination between Business Case and Cabinet Submission Processes

Where policy approval or legislative changes are needed, ministries are required to make a submission to a policy or legislative committee of Cabinet (see **Appendix 3**). Based on our review of both the business case template and the Cabinet policy submission template, we found substantial overlap in the required information in both types of submissions. For example, both are required to include a rationale for request, fiscal impact, risk assessment and mitigation strategies, and performance measures. Similar to the Secretariat's assessment note, Cabinet Office also has a template that requires Cabinet Office policy advisors to provide an assessment of the submissions and that includes a proposed minute. Unlike Secretariat analysts, Cabinet Office policy advisors do not provide formal staff recommendations.

These two submission processes are similar but are not well aligned. For example, we noted that a Cabinet policy submission requesting legislative changes received policy approval, but the submission did not include cost estimates resulting from the changes. In the Cabinet policy submission, the ministry stated that it would submit a business case to the Board to obtain necessary financial approvals. When the ministry did submit a business case after conducting consultations and revising implementation timelines, close to one year later, it requested over $100 million from the Contingency Fund to offset an in-year financial cost. While the Cabinet Office briefing note flagged that costs would be difficult to offset within the ministry's allocation if they arose, an understanding of the scope of the funding request might have impacted Cabinet's decision. Improved alignment of the processes may have given Cabinet and the Board a fuller picture of the impact of the legislative changes at the time of initial Cabinet policy approval.

Further, during our interviews with Cabinet Office policy advisors, they stated that they could receive the assessment note from the Secretariat but would need to request a copy of the accompanying business case directly from the submitting ministry. Similarly, Cabinet Office policy advisors noted that they would share their Cabinet Office briefing note with their Secretariat colleagues if the item had fiscal implications. However, formalizing these processes to improve access of information would provide Secretariat analysts and Cabinet Office advisors with more context and definitive information about previous approvals to support their assessment of the proposed request.

Given the similarities in the processes and information required, there may be opportunities to improve co-ordination and information sharing. The Secretariat and Cabinet Office could co-ordinate their review to avoid potential duplication, in particular among items seeking approval by the Board and a Cabinet committee at the same time. A more interconnected process may provide an opportunity to reduce gaps in information during government decision-making processes, for instance, to ensure that financial costs are considered during policy approval processes. In other jurisdictions such as Nova Scotia, Cabinet and Board submissions are reviewed jointly by a financial analyst at the Department of Finance and Treasury Board as well as a Cabinet policy advisor.

Opportunities to Improve Co-ordination through Cabinet Committee Membership

As shown in **Appendix 3**, in addition to the Board, there are currently six other Cabinet committees, three of which review Cabinet submissions. Based on our interviews with Board members, those who sit on other Committees have the opportunity to review some requests as both a Cabinet submission and a business case. In these instances, the Minister benefits from reviewing both submissions and receiving analyses from both Cabinet Office and Treasury Board Secretariat. Based on current membership of Cabinet committees, two Board members sit on the Economic and Resource Policy Committee. However, there are no Board members on the Health and Social Policy Committee or Legislation and Regulations Committee—the two other committees that review Cabinet submissions. Having Board representation on all policy and legislative committees may further help facilitate the sharing of information between the Cabinet and Board processes.

RECOMMENDATION 19

To ensure effective and efficient decision-making in the Cabinet and Treasury Board/Management Board of Cabinet (Board) submission processes and to leverage existing analysis, we recommend that the Treasury Board Secretariat (Secretariat), working together with Cabinet Office:

- improve sharing of information between Cabinet Office and the Secretariat relevant to the assessment of both Cabinet and Board submissions;
- co-ordinate the review and assessment of submissions for requests seeking both Cabinet and Board approval;
- review how they can eliminate duplication in their work and co-ordinate/streamline their processes; and
- consider having Board representation on all Cabinet policy and legislative committees to facilitate the sharing of information in government decision-making processes.

SECRETARIAT RESPONSE

The Secretariat will work with Cabinet Office to improve the sharing of information relevant to the assessment of Cabinet and Board submissions. The Secretariat will consider recommending to Cabinet to have Board representation on all Cabinet policy and legislative committees to facilitate the sharing of information in government decision-making processes.
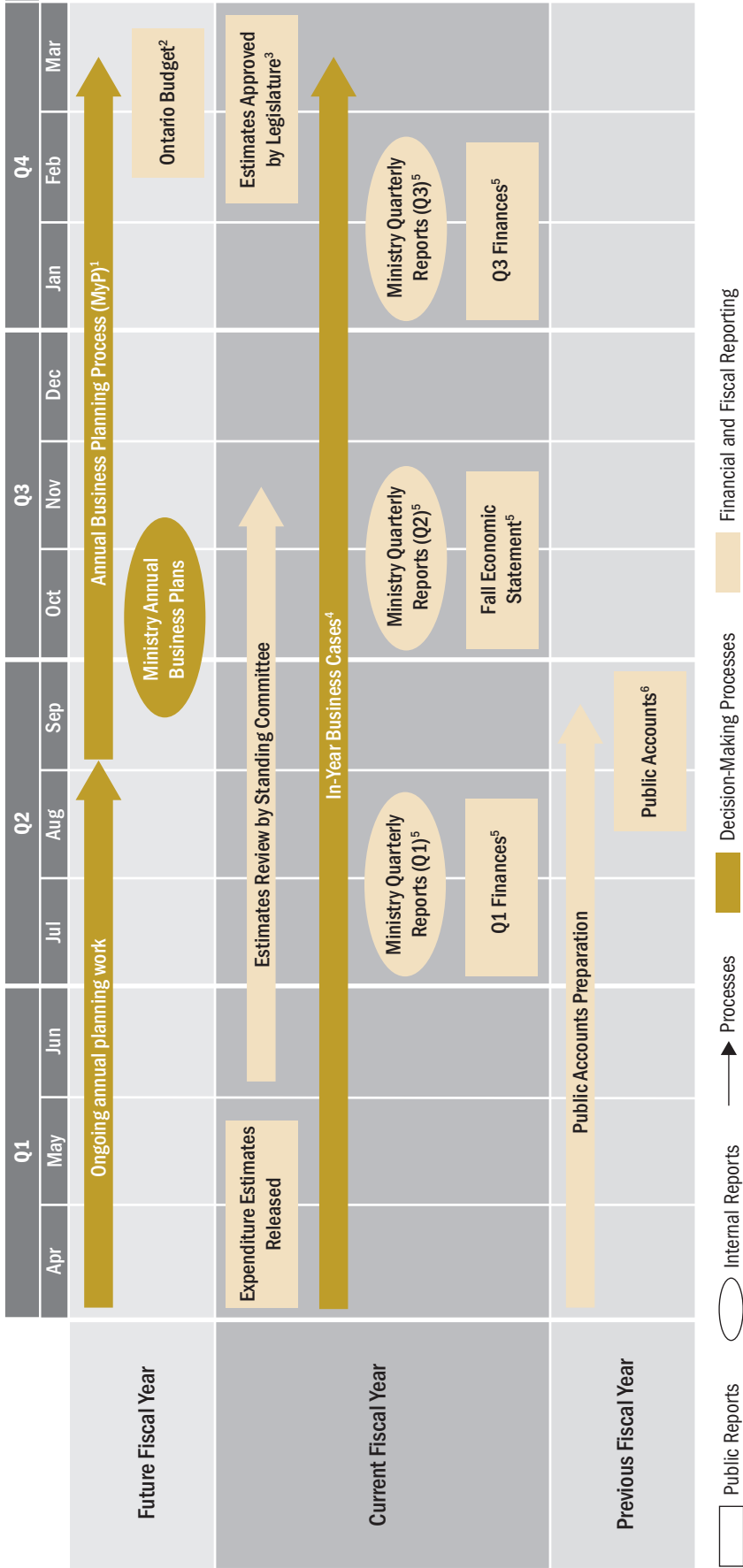
Appendix 1: Examples of Issues Resulting from Weaknesses in Business Cases

Prepared by the Office of the Auditor General of Ontario

Issues Raised in Past Audit Reports	Corresponding Weaknesses in Business Cases
2019 audit of *Court Operations* found that an information technology system's first phase of implementation was delayed by two years from November 2017 to November 2019 and costs increased by 11%. Despite these challenges, the business case for phase two was still missing key information, running the risk of future implementation challenges.	**Business case did not contain key information, including clear implementation timelines, results of consultation, and assessment of key risks** – business case for the second phase of implementing an information system did not contain key information, including clear timelines for integration and key risks such as lack of staff expertise needed for managing the project. Also, the Ministry did not formally consult with key stakeholders, including the second vendor and end users of the information system, prior to submitting this business case.
2018 audit of the *Ontario Student Assistance Program* (OSAP) found that the Ministry's business case was based on unreasonable projections and resulted in unexpected cost increases. The Ministry had estimated after the first-year changes to the program, it would realize a savings of under 1%, but because they significantly underestimated the uptake to the program under the new eligibility rules, program costs increased by 20% after that first year.	**Business case was based on unreasonable projections and did not take external factors (e.g., increase in applications) into consideration** – the Ministry used the latest year's OSAP applicant figures to cost out the new proposed changes to the program. However, the Ministry did not consider potential growth in use of OSAP by new students, even though the objectives of the proposed changes were to increase access for low- and middle-income students.
2014 audit of *Smart Metering Initiative* found that Smart Metering was rolled out with aggressive targets and tight timelines, without sufficient planning and monitoring by the Ministry, which had the ultimate responsibility to ensure that effective governance and project-management structures were in place to oversee planning and implementation. At the time of the audit, costs relating to implementation of Smart Metering had reached almost $2 billion and targets to reduce electricity demand during peak periods were not met.	**Lack of Business Case or Cost/Benefit Analysis** – The Ministry did not complete any cost/benefit analysis or business case prior to making the decision to mandate the installation of smart meters.

Appendix 2: Ontario Government's Fiscal Cycle

Source: Treasury Board Secretariat

	Q1			Q2			Q3			Q4		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar

Future Fiscal Year

Ongoing annual planning work → (Annual Business Planning Process (MyP)[1])

Ministry Annual Business Plans

Ontario Budget[2]

Estimates Approved by Legislature[3]

Current Fiscal Year

Expenditure Estimates Released

Estimates Review by Standing Committee

In-Year Business Cases[4]

Ministry Quarterly Reports (Q1)[5]

Q1 Finances[5]

Ministry Quarterly Reports (Q2)[5]

Fall Economic Statement[5]

Ministry Quarterly Reports (Q3)[5]

Q3 Finances[5]

Previous Fiscal Year

Public Accounts Preparation

Public Accounts[6]

☐ Public Reports   ◯ Internal Reports   → Processes   ⬭ Decision-Making Processes   ▭ Financial and Fiscal Reporting

1. In-depth planning for the upcoming fiscal year begins in September where the ministries prepare their annual business plan submissions, which are then reviewed by the Board.
2. The provincial fiscal plan – the **Budget** – is presented to the Legislature, based on annual business plans as well as economic and revenue forecasts prepared by the Ministry of Finance (Ministry).
3. **Expenditure Estimates** are presented soon after the Budget.
4. In-year business cases continue throughout the year based on needs of the ministries (for example, new program or unplanned expenditures).
5. Ministries prepare and submit quarterly reports in Q1, Q2, and Q3 for revenue and expenses; the Ministry generates a public update on the fiscal plan of the entire government via **Quarterly Finances** and the **Fall Economic Statement.**
6. After the fiscal year has ended, financial statements are prepared by each ministry. A full annual report and consolidated financial statements are published in the **Public Accounts** before October.

Appendix 3: Government Decision-Making Process—Cabinet Submissions and In-Year Business Cases

Prepared by the Office of the Auditor General of Ontario

1. Ministry develops business case

2. Secretariat Review

Ahead of meeting, the Board receives:
- **Minister-signed business case**
- **Secretariat's assessment note**

3. Board* Meeting

Board minute

4. Cabinet Meeting

Cabinet minute

5. Implementation

Ministry develops Cabinet submission (policy implications)

Health and Social Policy Committee*

Economic and Resource Policy Committee*

Ahead of meeting, Cabinet receives:
- **Cabinet Office briefing note**
- **Minister-signed Cabinet policy submission**

Legislation and Regulations Committee (LRC)*

Ahead of meeting, Cabinet receives:
- **Cabinet Office briefing note**
- **Minister-signed LRC submission**

Ministry develops Cabinet submission (legislative or regulatory implications)

Decision-making documents

Notes:
- Once policy approval is obtained from Cabinet, the submitting ministry may be directed to prepare a business case for the Treasury Board/Management Board of Cabinet (Board) (e.g., if there are fiscal implications).
- Once approval is obtained from the Board, the submitting ministry may be directed to prepare a Cabinet submission (e.g., if there are policy implications).
- See also **Figure 4** for details of stages 1 through 5.
- The Health and Social Policy Committee and Economic and Resource Policy Committee are the two Cabinet committees that review Cabinet policy submissions. The Legislation and Regulations Committee reviews Cabinet submissions relating to proposed new or amended legislation or regulations (referred to as an LRC submission). There are currently three other Cabinet committees that are not involved in reviewing Cabinet submissions or Board business cases: the Priorities and Planning Committee, Emergency Management Committee, and Jobs and Recovery Committee.

* Committees of Cabinet.

Appendix 4: Review Criteria

Prepared by the Office of the Auditor General of Ontario

1.	Ministries, working in conjunction with the Secretariat, develop business cases that contain relevant, complete, and credible information, including information on monitoring and implementation, and are presented in a concise and logical manner.
2.	Processes are in place to ensure those developing the business cases have the appropriate capacity, training and guidance, and oversight.
3.	The Secretariat provides a critical assessment of business cases and adequate due diligence, and provides evidence-based recommendations to the Board prior to final decisions.
4.	The Secretariat maintains processes and information systems to provide decision-makers with appropriate information and adequate time to review business cases.
5.	Roles, responsibilities in the in-year business case submission process are clearly defined and accountability requirements are established.
6.	Performance measures are established for business case quality and timeliness and monitored and compared against expectations, and that any necessary improvements are identified and implemented on a timely basis.

Appendix 5: Auditor General's Evaluation of Ministry Business Cases

Prepared by the Office of the Auditor General of Ontario

Criteria and Sub-criteria Used to Evaluate Business Cases	Leading		Emerging		Lagging		Lack of Readiness	
	#	%	#	%	#	%	#	%
1. Relevance: Business case provides decision-makers with a clear articulation of the problem/issue that needs to be addressed and makes a sufficiently strong case for government intervention.	9	60	6	40	–	–	–	–
a) Identifies purpose	14	93	1	7	–	–	–	–
b) Identifies nature and scope of problem/issue	11	73	3	20	1	7	–	–
c) Identifies goals/objectives of the proposal	14	93	–	–	1	7	–	–
d) Identifies expected results	5	33	8	53	1	7	1	7
e) Provides context (e.g., history of the problem/issue, linkage to government priorities and/or existing programs)	8	53	5	33	2	13	–	–
2. Evidence: Adequate quantitative and qualitative data and facts are presented in the business case to substantiate the ministry's request.	5	33	3	20	7	47	–	–
a) Adequate quantitative and qualitative data supporting business case	6	40	2	13	7	47	–	–
b) Identifies data gaps, if any, and explains why these are not essential to decision-making[1]	2	18	1	9	3	27	5	45
c) Conclusions and preferred option linked to evidence	6	40	2	13	6	40	1	7
d) Rationale for government intervention substantiated with facts/data	7	47	2	13	4	27	2	13
3. Completeness and Credibility: Business case contains an impartial and balanced analysis of options, risks, costs, financial and environmental impacts, as well as intellectual property rights and data governance impacts, where applicable.	–	–	7	47	7	47	1	7
a) At least three options evaluated in addition to status quo	2	13	6	40	3	20	4	27
b) Options evaluated using common metrics	1	7	5	33	4	27	5	33
c) Risk analysis of the recommended option including the risk of not proceeding	–	–	9	60	4	27	2	13
d) Risk mitigation strategies/plans	–	–	9	60	4	27	2	13
e) Cost analyses (e.g., cost/benefit, cost-effectiveness)[2]	5	36	2	14	2	14	5	36
f) Short- and long-term financial impacts, including funding model and accounting considerations	10	67	4	27	1	7	–	–
g) Environmental impacts	2	13	1	7	1	7	11	73
h) Intellectual property and/or data governance impacts	–	–	–	–	–	–	15	100

Criteria and Sub-criteria Used to Evaluate Business Cases	Leading		Emerging		Lagging		Lack of Readiness	
	#	%	#	%	#	%	#	%
4. **Consultation**: Business case clearly communicates the perspectives of internal and external stakeholders/end users and demonstrates, with supporting rationale, how the ministry's request is consistent with or at variance with those consulted.	3	20	2	13	8	53	2	13
a) Nature, scope and findings from external stakeholder/end-user consultations	6	40	4	27	3	20	2	13
b) Nature, scope and findings from internal consultations within the Ontario Public Service	2	13	2	13	9	60	2	13
c) Relate recommendations to findings from consultations with stakeholders/end users and the Ontario Public Service	4	27	1	7	2	13	8	53
5. **Implementation and Monitoring**: Business case contains an adequate plan for implementing the submission's deliverables, including timelines, roles, responsibilities and key milestones, and a plan for performance monitoring, reporting and continuous improvement.	2	13	1	7	7	47	5	33
a) A plan on next steps for implementation	7	47	1	7	5	33	2	13
b) Key performance indicators for monitoring progress in implementation	1	7	2	13	2	13	10	67
c) Key performance indicators for monitoring impacts on stakeholders/end users	2	13	1	7	3	20	9	60
d) A plan on performance monitoring, including assigned oversight and continuous improvement	2	13	–	–	6	40	7	47
6. **Conciseness and Logic**: Business case is clear, jargon-free, and where appropriate uses graphics to facilitate comprehension; and the arguments put forward build on each other in a logical flow. Where there are appendices and other attachments, they should add value and their relevance to specific points in the business case should be explained.	2	13	9	60	4	27	–	–
a) Jargon-free, clear, non-technical language	3	20	5	33	7	47	–	–
b) Appropriate use of tables, charts, graphs and attachments/appendices	1	7	2	13	12	80	–	–
c) Arguments build on each other	6	40	4	27	5	33	–	–
d) The content is proportionate to the decision being sought	7	47	3	20	4	27	1	7
Overall Evaluation	–	–	8	53	7	47	–	–

Notes: See **Figure 6** for definitions of the evaluation scale ratings: **Leading**, **Emerging**, **Lagging**, **Lack of Readiness**.

We evaluated 15 business cases against the above criteria and sub-criteria. This table shows the cumulative results for each criterion and sub-criterion. Where a criterion was identified as not applicable (e.g., cost/benefit analysis), this was noted and removed from the table.

1. Not applicable in four business cases because there were no clear data gaps or information missing from the business cases.

2. Not applicable in one business cases because the request was a preliminary approval to proceed with work that would include cost analyses.

Appendix 6: Auditor General's Evaluation of Secretariat's Assessment Notes

Prepared by the Office of the Auditor General of Ontario

Criteria and Sub-criteria Used to Evaluate the Assessment Notes	Leading		Emerging		Lagging		Lack of Readiness	
	#	%	#	%	#	%	#	%
1. **Relative Priority**: Assessment note adequately establishes the relative priority/importance of the ministry's request within the context of the government's broader program environment.	4	27	9	60	2	13	–	–
a) Evaluates need, timing, alignment with government priorities	4	27	9	60	2	13	–	–
2. **Risk Assessment**: Assessment note provides clear advice on whether the ministry has identified and sufficiently addressed the key risks associated with the ministry's request, to warrant approval.	–	–	1	7	13	87	1	7
a) Advises on key risks and their rating, including risk of not proceeding with the ministry's request	–	–	7	47	7	47	1	7
b) Assesses the ministry's risk mitigation strategies/plans	–	–	1	7	4	27	10	67
3. **Fiscal Context**: Provides an adequate level of financial analysis to determine whether the ministry's request is fiscally sustainable, supports prudent financial management and the delivery of public services in the most effective and efficient way possible.	4	27	6	40	5	33	–	–
a) Analyzes financial impact of ministry's request, including cost drivers, expenditure and revenue assumptions	5	33	5	33	4	27	1	7
b) Assesses the funding model, the impact on provincial debt and accounting considerations	4	27	3	20	7	47	1	7
4. **Feasibility, Implementation and Monitoring**: Assessment note provides an adequate assessment of the feasibility of the ministry's request, and the capacity of the ministry/or entity representing the ministry to deliver the expected results.	1	7	1	7	6	40	7	47
a) Evaluates feasibility of ministry's proposed option	3	20	2	13	3	20	7	47
b) Assesses if ministry has undertaken sufficient consultation with external and Ontario Public Service stakeholders and end users	1	7	2	13	5	33	7	47
c) Evaluates ministry's implementation plan	2	13	1	7	1	7	11	73
d) Evaluates ministry's performance monitoring plan	1	7	–	–	2	13	12	80
5. **Evidence and Credibility**: Provides a balanced assessment of the ministry's request and a clear rationale for its advice and recommendations.	2	13	6	40	7	47	–	–
a) Presents sufficient evidence for positions/arguments put forth	2	13	2	13	10	67	1	7
b) Recommendations are guided by prudent financial management and delivery of public services in the most effective and efficient manner	3	20	5	33	5	33	2	13
Overall Evaluation	1	7	5	33	9	60	–	–

Notes: See **Figure 6** for definitions of the evaluation scale ratings: **Leading**, **Emerging**, **Lagging**, **Lack of Readiness**.

We evaluated the assessment notes that accompanied the 15 business cases against the above criteria and sub-criteria. This table shows the cumulative results for each criterion and sub-criterion.

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