

TERMS OF REFERENCE

The terms of reference covering our study, as set out in a letter from the Under-Secretary of State for External Affairs dated September 27, 1967, are as follows:

Objective

To establish an effective system of responsibility accounting within the framework of the financial management function in accordance with Treasury Board policy as set out in Management Improvement Policy Statement MI-3-66 and in the Guide to Financial Management.

To meet this objective, a careful study of the following will be necessary:

- the planned departmental organization from the point of view of appropriateness for responsibility accounting practices;
- current procedures and practices for the preparation of the Department's annual program review and estimates;
- the present system of financial control in terms of its adequacy in an environment of responsibility accounting;
- present accounting systems in terms of their adequacy for cost control and decision making;
- existing financial reports in terms of their adequacy and timeliness for decision making;
- existing financial management organization in terms of structure, grade and numbers of personnel.

Recommendations will be required regarding the most appropriate alternatives for:

- an effective structure for responsibility accounting;
- the most appropriate responsibility and cost centres consistent with these alternatives;