

contrasts with those departments which make large outlays of money, such as family allowances in Health and Welfare, and with departments which operate large expensive facilities such as Transport. We will describe the main features of the new financial management system and explain where they have been tailored to this Department's individual requirement.

The Organization of Responsibilities

At the operating level, what units in the organization are to be designated as budget centres or, more correctly, responsibility centres? At the next higher level, what middle managers should direct and control the activities of the responsibility centres below? And associated with the second point, what are the appropriate groupings of responsibility centres under individual middle managers?

The first of these questions poses no particular difficulty. Each basic unit of the Department, division in Ottawa and post abroad, should become a responsibility centre. They are viable organizational units with a specified task to carry out and are each managed by a responsible Head.

The second problem, that of grouping responsibility centres together under a second level of authority, likewise poses no great difficulty in the case of the headquarters divisions. They are already organized in groups reporting to a particular Assistant Under-Secretary or in Branches reporting to a Director-General. This structure seems to make sense as well for the planning, budgeting and control that are required under responsibility accounting.

For posts, it becomes more difficult to define the most appropriate second level for financial management. The post reports through the