

## **300 SITUATION ANALYSIS**

### **310 SPECIAL OPERATING AGENCY**

A Special Operating Agency is an organizational model designed to give increased management flexibility to service delivery units in government in return for agreed upon levels of performance and results. It operates under a tailor-made, written understanding between the agency and the parent department. The agency model is intended to provide increased freedom from government-wide administrative controls in return for commitment to specific performance levels and results with clear accountability resting with the Chief Operating Officer.

Effective April 1, 1990, the Passport Office was designated as a Special Operating Agency. Treasury Board Minute 813855 authorized the elimination of person-year control; approved the Passport Office Framework Document; noted that new offices will be opened only where sufficient demand exists for an economically viable operation; approved the performance levels and targets specified in the 1990-91 Business Plan; and noted that a fee policy designed to stabilize service fees over four-year periods will be maintained and Treasury Board will be provided with a minimum of one year's notice of proposed fee increases. The period of four years during which the Passport Office should equalize revenues and expenditures starts on the date of the implementation of the Special Operating Agency.

### **320 REVOLVING FUND**

The Passport Office operates on a Revolving Fund basis. This concept can be described as a continuing or non-lapsing authorization by Parliament for the Passport Office to make payments out of the Consolidated Revenue Fund and to fund itself completely through the services it provides to its clients. Consequently, the value of the services provided by the fund are to be charged to the users. The impact of this concept is very significant in the accounting procedures used for controlling and reporting the actual financial results; preparing and monitoring the forecasted financial results; and advising the Passport Office Management Team.

The benefits of operating the Passport Office on a Revolving Fund basis are that it provides flexibility to management in carrying out its operations to meet fluctuating demand effectively and efficiently; provides an atmosphere for a commercial enterprise; facilitates a clearer presentation of profit or loss from operations; and facilitates business-type budgeting and reporting.

The Passport Office Revolving Fund has a continuing authority not to exceed \$4 million at any one time and must equalize revenue and expenses over a four-year period after the establishment of a new fee structure. The fee structure should last at least four years; should be reasonable in relation to inflationary factors; and should avoid excessive surpluses or deficits in relation to the overall annual operating budget.