

240 Sparks Street,
Ottawa, Ontario.
K1A 0G6
October 31, 1979

The Honourable James A. Jerome, Q.C., M.P.,
Speaker of the House of Commons,
House of Commons,
Ottawa, Ontario.
K1A 0A6

Dear Mr. Speaker,

On March 23, 1979, you informed me of your concerns and those of the Management and Members' Services Committee as to whether the general and financial administrative organization and systems of the House of Commons were appropriate for its needs and operating economically and efficiently. I suggested that you might wish to consider a comprehensive audit of the type recently introduced in my office which is broad in scope, and includes considerations of economy, efficiency and effectiveness—colloquially described as value-for-money auditing. On April 4, 1979, you advised me that this proposal was acceptable and requested that we proceed with the work.

To identify specific areas in which detailed examination would be justified, we made a preliminary survey of the following aspects of House administration:

- financial administration;
- personnel administration;
- services to committees;
- services to members;
- printing and publication;
- maintenance and cleaning;
- procurement;
- security and protection; and
- restaurant and cafeterias.

We did not, however, review the procedural aspects of the House except to the extent required to obtain an understanding of their relationship to the administrative practices. As Parliament was not in session during our preliminary survey, there has been no opportunity to meet with members to obtain the benefit of their comments and suggestions as users of the service provided by the administrative staff.

On October 4 we discussed with you the findings and key organizational recommendations arising from our preliminary survey and agreed then to provide you with this summary. Future reports will contain our detailed findings and recommendations in other areas included within the scope of our comprehensive audit.

Summary of Findings

Since the organization and administrative practices of the House were last examined during 1964, there has been a threefold increase in the number of staff and a ninefold

increase in expenditures. These increases reflect growth in the size of the House and in the complexity of and requirement for support services. There are now close to 3,000 people and a budget that approaches \$84 million.

The services provided to members appear to be of a high quality, as do the services to the House itself. However, we are of the opinion that the quality of general and financial administration is significantly below a minimum acceptable standard. In summary, our more significant findings are as follows:

- Operating budgets are rudimentary for all areas of administration in the House. Procedures have not been developed to determine objectives and priorities, or to ensure that there is a methodology for determining the costs of activities and programs and for measuring operating performance. In practice, budgets are prepared by the senior managers on an incremental basis from the preceding year; however, they are not developed in sufficient detail to identify all costs by responsibility centres. Consequently, these budgets are not useful as a means of exercising control or ensuring accountability.
- Financial and management reporting is inadequate in all areas of administration. Expenditures are reported against budgets only at the director level, the broadest level of responsibility. Moreover, detailed analyses of variances from budget are not prepared, and the costs of various services are not reported. Without this kind of information it is difficult for managers to exercise informed judgment with respect to value for money.
- A manual of financial and administrative policies and procedures has not been developed. Thus, there is no assurance that practices, like procurement, are uniformly applied in a manner consistent with accepted government procedures.
- A clear separation of duties is lacking between those who exercise spending authority and those who exercise payment authority. This increases the risk of fraudulent practices and other irregularities.
- The responsibilities and authorities of the Personnel Division have not been well defined or documented. As a consequence, staff may not be recruited or promoted in a manner consistent with practices that ensure due regard for merit.
- Position descriptions documenting responsibilities, authorities and relationships of managers and subordinate staff are not generally available. Salary structures are said to relate to those of the public service; however, direct comparisons are difficult because of the lack of position descriptions.
- Security procedures have not been formalized or subjected to review by an independent authority. Contingency plans are not in place to deal with emergencies.
- Standards of maintenance and cleaning have not been agreed upon or documented. Thus, procedures are not in place to measure productivity or to assess priorities with respect to cleaning and building maintenance.