

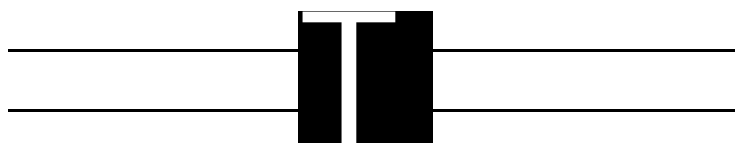


GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR

# 2001-02 Annual Report

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**Treasury Board Secretariat**



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**MINISTER'S MESSAGE**

It is my pleasure to present this Annual Report on the activities of the Treasury Board Secretariat for the Fiscal Year 2001-02. The Annual Report contains information on major priorities the Secretariat addresses and on activities within the Secretariat during the year.

Treasury Board Secretariat provides professional financial, administrative and human resource services to the Treasury Board Committee of Cabinet and to the Province's public sector. In this role, the Secretariat promotes excellence in management and program delivery throughout the public sector.

Some highlights for 2001-02 include progress on implementing an Accountability Framework for the public sector, preliminary work on a new position classification system for bargaining unit employees, initiation of service-wide human resource planning, and increased use of technology to deliver programs.

The Annual Report also outlines challenges facing Treasury Board Secretariat over the next several years and I look forward to providing a further update in the Secretariat's next Annual Report.

**JOAN MARIE AYLWARD**  
President of Treasury Board and  
M.H.A., St. John's Centre

## Departmental Overview

Treasury Board Secretariat serves as the administrative arm of the Treasury Board Committee of Cabinet. The Secretariat's mandate is to support the Treasury Board Committee and to fulfill the statutory responsibilities of Treasury Board within Government. These responsibilities have been conferred from the *Financial Administration Act* and the *Public Service Collective Bargaining Act*.

As a central agency with responsibility for financial, human resource and information technology management, the Secretariat works with Departments, Boards, Agencies, union organizations and other stakeholders to accomplish its mandate.

During 2001-02, in collaboration with the Public Service Commission, overall responsibility for human resource planning was transferred from the Commission to Treasury Board Secretariat in recognition of its role as the overall manager of the public service. However, the Public Service Commission remains a key stakeholder and partner for human resource initiatives.

### **Vision**

Public sector organizations that are well managed, accountable and supported by a highly competent and motivated workforce.

### **Mission**

In collaboration with departments and agencies, Treasury Board Secretariat provides mechanisms to assure government and taxpayers that the Province's financial, human and information technology resources are

utilized in the most effective, efficient and economic manner.

### **Lines of Business**

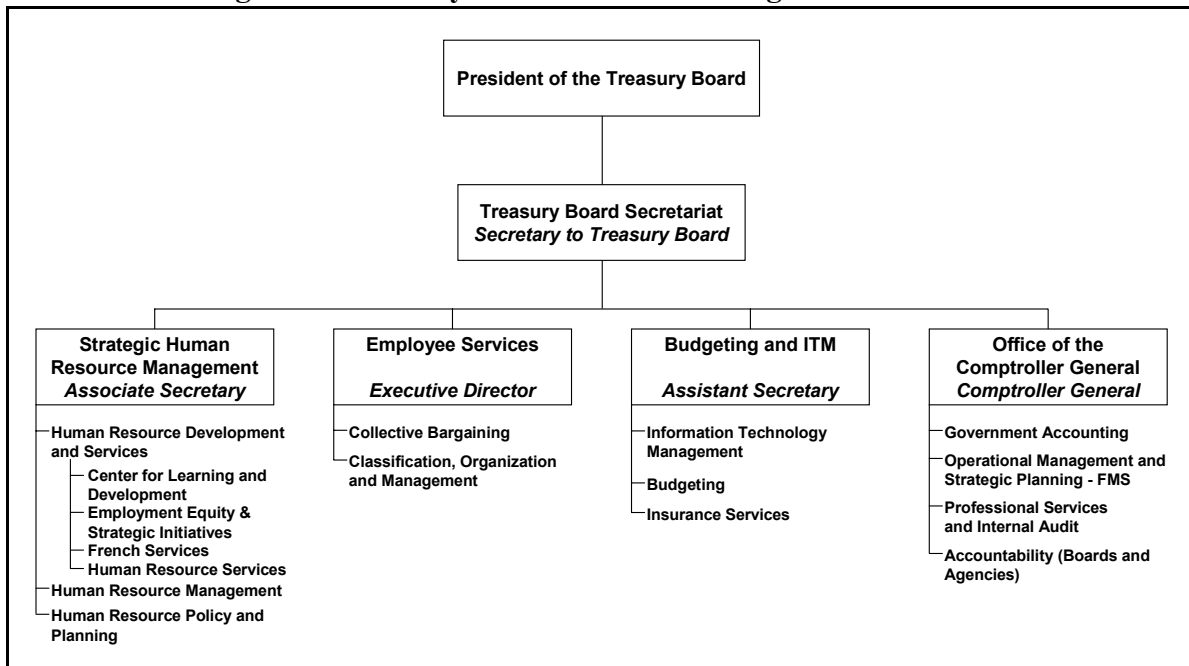
Treasury Board Secretariat has three lines of business:

- **Financial Management** — The Secretariat provides government-wide expenditure planning and management together with a modern comptrollership. In its expenditure planning and management role, the Secretariat prepares the *Estimates*, prepares multi-year fiscal plans, recommends allocation of financial resources to departments and monitors and reports on budget variances. In its comptrollership role, the Secretariat establishes the policies and systems that enable Government to keep accurate financial records and maintain stewardship of public financial resources. The Secretariat provides managers with timely and reliable financial information and prepares the financial statements of the Province. The Secretariat advises Cabinet on the efficiency and effectiveness of resource utilization and the potential for reallocation and adjustments to planned expenditures. The Secretariat also provides advice to the executive and management of Government.
- **Human Resource Management** — The Secretariat provides human resource planning, information, support and advice to Treasury Board and its President in their capacity as employer and general manager for the public service. This includes assuming core responsibility for collective bargaining and labour relations, as well as

provision of job evaluation, compensation, pay equity and organizational design services. Other activities include establishing and interpreting human resource management policies and developing and administering insurance requirements, employee benefits and occupational health and safety programs for the public service. The Secretariat delivers French language training, corporate training and development services and employment opportunities for persons with disabilities. The Secretariat also provides human resource management services to five departments.

- **Information Technology Management** — In addition to providing information technology support and administration services to six departments, the Secretariat provides leadership in using information technology as a strategic tool to support Government’s agenda and to improve service delivery. The Secretariat provides leadership on information technology issues across Government and establishes policies, standards and guidelines for the effective, efficient and secure use of information technology resources.

**Figure 1: Treasury Board Secretariat Organization Chart**



## Key Statistics

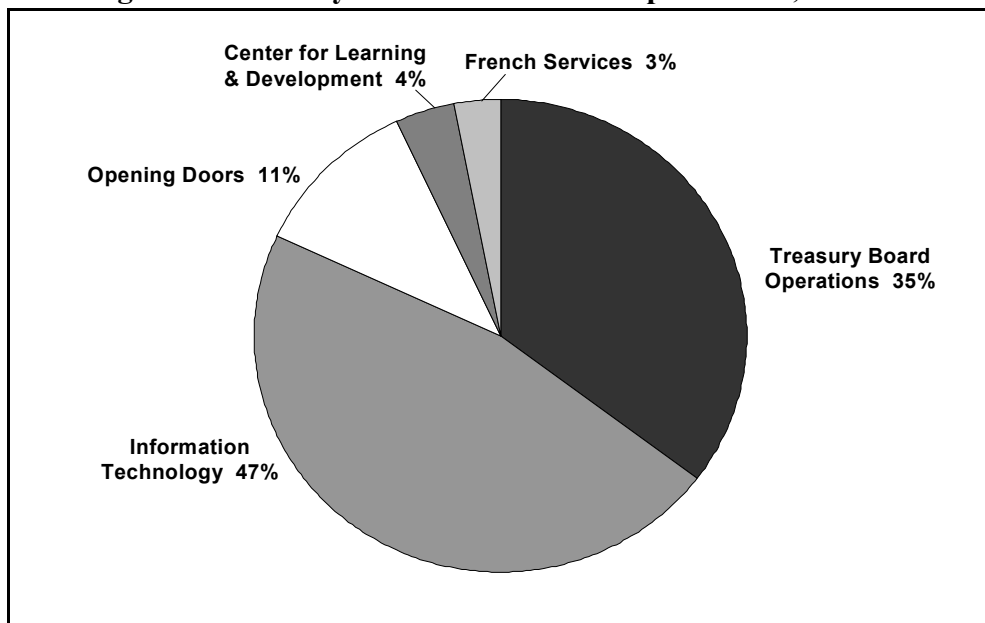
Treasury Board Secretariat has 160 employees, all of whom work in Confederation Building. In 2001-02, these employees:

- monitored the Gross Current and Capital budgeted expenditure of \$3,982,574,200
- administered 34 collective agreements covering 37,000 employees
- conducted over 950 classification reviews
- processed 1,340,000 electronic payments and cheques
- issued 96,000 receipts
- conducted 45 special review projects and internal audits
- offered 291 workshops providing learning and development support to 2,786 participants
- offered French language instruction to 300 employees
- provided services to 1,063 persons with disabilities through the Opening Doors Program

- through the Secretariat’s Human Resource Development and Services Division, provided human resource services to 600 employees in five departments
- through the Secretariat’s Information Technology Management Division, provided support and administration services for information technology to 1200 employees in six departments

The total budget of the Secretariat is \$16.6 million, of which \$5.9 million is attributable to the direct operations of the Secretariat. \$3 million is incurred for government-wide initiatives including employment programs for persons with disabilities, employee development initiatives and French language training. \$7.7 million is used for information technology services for six departments including the Secretariat.

**Figure 2: Treasury Board Secretariat Expenditures, 2001-02**



## **Key Achievements and Priorities**

The Secretariat, working in collaboration with public service organizations and employees, has identified five strategic challenges.

1. *Maintain a proactive approach to managing taxpayers' dollars*

The fiscal situation of the Province requires that all public sector organizations collaborate in accepting responsibility for managing taxpayers' dollars. This requires the Secretariat, in cooperation with departments and agencies, to seek innovative ways to increase revenues and control expenditures. For reference purposes, a glossary of financial terms has been provided on page 11.

Recognizing the Province's fiscal challenges, the original provincial cash deficit target for 2001-02 was \$30 million. This increased to \$80 million at mid-year because of public sector wage settlements, indications that federal transfer payments would be lower and fluctuations in exchange rates. A hiring freeze and restricted travel were instituted to help control the deficit. The actual cash deficit for 2001-02 eventually came in at \$47.2 million according to Volume III of the *Public Accounts*. For five consecutive years prior to 2001-02, Government not only met but improved upon the cash deficit targets.

The net expenditure over revenue (accrual basis) on a consolidated basis was \$473 million for 2001-02 according to Volume I of the *Public Accounts*. The Auditor General issued an unqualified audit opinion on the *Public Accounts* for 2001-02.

The most significant adjustment from the cash-based result to the consolidated result was a \$242 million adjustment for interest on the unfunded pension liability. As at 31 March 2002, the unfunded pension liability of the Province was \$3.4 billion according to Volume I of the *Public Accounts*. Recognizing the importance of addressing this liability, Government made \$143 million in special payments, in addition to required contributions, to reduce the unfunded liability.

Total borrowing was 52.88 per cent of Gross Domestic Product (GDP) for 2001-02 which reflects a slight decrease from the previous year. Government reliance on foreign debt is decreasing. Foreign currency debt for 2001-02 was 28.53 per cent of net borrowings compared to 30.84 per cent for the previous year.

2. *Strike the appropriate balance between public bodies' independence and overall government direction*

Considered as a whole, the public sector is a large and complex organization that needs unity in its overall direction and uniformity in some of its basic operating principles and practices. However, the public sector is equally a collection of individual organizations, each with a separate mandate, and each of these organizations requires the freedom to manage itself within clearly defined parameters and guidelines.

Finding the right balance between central direction and control and the independence of individual organizations is critical in

ensuring that public service organizations are effective and efficient. Government's emerging Accountability Framework will be a key element in creating the right balance. The Secretariat is working with departments and agencies to create goals and mechanisms that reflect Government's need for accountability and uniformity but which can be implemented in ways that suit the particular needs and circumstances of individual organizations.

During 2001-02, the Secretariat developed *Excellence in Governance: A Handbook for*

**Excellence in Governance: A Handbook for Public Sector Bodies.**

*Public Sector Bodies*, a publication intended to help public organizations improve planning and accountability. In addition, the Secretariat:

- provided accountability documents to all public bodies;
- held quarterly meetings with all departmental coordinators to monitor progress and maintain momentum;
- fulfilled all board requests for support;
- designed and tested a Master Template for strategic planning workshops in Health Labrador Corporation;
- developed a database of information about all public bodies; and
- completed draft customized versions of the governance manual for the Health and Community Services sector and the Education sector.

3. *Ensure Government has a highly competent work force that is sustainable into the future*

Government faces the challenge of maintaining an effective public service at a

critical point in the Province's history. As the demographic profile of the Province and the public service continues to age, the labour market for knowledge workers and others with highly valued skills will become more competitive. However, Government will have to continue managing with a significantly constrained salary budget. Attention to succession planning, recruitment of new staff and retention and development of existing staff will be critical to ensuring that Government can function effectively. Creating a work environment that values employees, fosters respect and cooperation, and encourages innovation will help make the public service an attractive employment option for workers.

During 2001-02, the Secretariat, in collaboration with departments, began a service-wide human resource planning initiative. The intent is to prepare a consolidated human resource strategy for the public service in time for consideration as part of the Fiscal Year 2003-04 budgetary process.

**Initiation of systematic human resource planning in collaboration with all departments.**

The Secretariat concluded agreements on twelve contracts which had been negotiated in 2000-01 and signed another nine contracts with various public sector unions.

**Completed 21 public sector collective agreements covering 28,600 employees.**

The Secretariat administered a \$2 million Organizational Development Initiatives fund which was used for activities such as staff training and human resource planning.



The Secretariat initiated a new Leadership and Management Development Program. This

**Implementation of a new, competency-based Leadership and Management Development Program.**

program is grounded in a set of core competencies for public service managers and involves development of individualized learning plans. Additionally, the Secretariat collaborated with federal agencies in Newfoundland and Labrador and with Memorial University's Centre for Management Development to initiate a series of management workshops specifically tailored for public sector leaders. It is an opportune time to implement such a program with the anticipated movement throughout the public service and the transition of new people into management positions.

The Secretariat, in collaboration with the Public Service Commission, began systematic support to departments on implementation of Government's Harassment and Discrimination Free Workplace policy.

4. *Design and implement a classification and compensation system that equitably remunerates employees*

One of the major priorities during Fiscal Year 2001-02 and continuing through 2002-03 and subsequent years is the development and implementation of a new job evaluation system for unionized employees. During 2001-02, Government signed agreements with the Newfoundland Association of Public and Private Employees, Canadian Union of Public Employees, Association of Allied Health Professionals and Newfoundland and Labrador Nurses Union.

The agreements commit to the introduction of a new job evaluation system and to providing the unions with input into designing that system through a joint Steering Committee which is advisory to Government. This Steering Committee was established in October 2001. In early 2002, it issued a Request for Proposals from consulting firms to assist with the design and implementation of a new Job Evaluation System. The Committee received twelve proposals and at the end of Fiscal Year 2001-02 began to evaluate them.

5. *Make better use of information technology to make decisions, deliver services more efficiently and manage resources*

Information technology can help Government enhance service delivery and make its internal work and management

**Several system implementations resulted in enhanced financial capabilities.**

processes more efficient. To achieve this effectively and economically, Government requires a clear plan that sets direction and priorities for use of information technology throughout its departments and agencies. This plan must also ensure support and maintenance for current and potential new information systems.

To these ends, in 2001-02 the Secretariat:

- implemented new systems and enhancements to existing systems including: a government-wide accounts receivable system, a capital assets system, an innovative, efficient and cost effective method of importing financial transactions from multiple program-related systems and an on-line initiative to provide access to certain provincial services in French;

- developed several major new systems, in conjunction with the sponsoring departments, such as the Pay System for the Department of Human Resources and Employment and several web-based services that will allow the public easier and quicker access to government services and information; and
- Upgraded the network infrastructure at Confederation Building and added circuits or upgraded circuit speed to remote location offices. Core network speed and processing speed of network servers were increased as was backup capacity. Also, a Regional Computer Support position was provided in Corner Brook.

**Implementation of infrastructure and associated policies to support E-Commerce Services.**

## **Opportunities and Challenges Ahead**

The future holds many opportunities and challenges for Treasury Board Secretariat in working to achieve its strategic priorities.

### **Financial Management**

The biggest challenge, from a Budget perspective, is to maintain a practical approach to managing taxpayers' dollars while expectations increase and financial resources remain limited. The accumulated Net Debt of the Province for 2001-02 was \$8.9 billion.

The priority for 2002-03 is to commence the fiscal year with a balanced current account budget position, to maintain strong discipline over spending with continued emphasis on accountability, to keep new borrowings to a minimum and to move towards completing the annual budget on the accrual basis of accounting.

Additionally, implementation of the Accountability Framework has progressed to the stage where all necessary training is completed. The next steps will be establishing goals and objectives for Departments, Boards, Agencies and their CEOs and assessing performance relative to these goals and objectives. Further work will be conducted to enhance consistency of approach to accountability and provide report guidance to all public bodies.

### **Human Resource Management**

Priorities for 2002-03 include support to departments preparing human resource plans, the conclusion of which will be an integrated Human Resource Strategy for Government.

This strategy will provide a framework to support and strengthen the orderly delivery of human resource services within the public service and an accountability mechanism for the human resource function.

This will enable Government to manage recruitment, retention and succession challenges created by the demographics of the public sector work force and potentially position Government as an employer of choice in an increasingly competitive labour market. However strategies developed will need to be responsive within Government's budgetary constraints. Additionally, the capacity of central agencies and departments to develop meaningful and reliable human resource information and to use that information for planning, management and decision-making purposes must be increased.

Negotiating the remaining collective bargaining agreements within the established settlement pattern is a priority for 2002-03. Also, the Secretariat will continue development and implementation of a new job evaluation system for unionized employees.

The Secretariat's employment equity activities are structured around two initiatives: the *Opening Doors Program* and the *Job Experience and Employment in the Public Service (JEEPS) Project*. Future challenges will involve maintaining and increasing awareness of the needs of persons with disabilities within the public sector as well as negotiating maximum federal cost-sharing to support the priorities and growth of the programs and services.

## **Information Technology Management**

Making better use of information technology for decision-making, service delivery and managing resources necessitates a focus on web-based business applications with the potential to provide improved public services. Current and future projects require changes to technology and business processes to facilitate effective service delivery while ensuring adequate control over public resources. Specific examples include the shift to new technologies for the Financial Management System to maintain software vendor support, ensure consistency with other jurisdictions, customers, payees and suppliers and provide the most cost effective, efficient and modern financial management tools.

Information technology also creates opportunities to improve the effectiveness of human resource management through the development of capacity in central agencies and departments to access meaningful and reliable human resource information and to use that information for planning, management and decision-making purposes.

Priority areas for 2002-03 include continued monitoring and enhancement of data security and protection of Government's electronic data. This involves establishment of high-availability internet infrastructure and a common electronic payment system to enhance Government's web-based services and maintenance of a Network Performance Baseline.

**Financial Statements**

**Department of Executive Council  
Treasury Board Secretariat  
Statement of Expenditure and Related Revenue - Summary  
for the Year Ended March 31, 2002**

	<b>ACTUAL</b>	<b>ESTIMATES AMENDED</b>	<b>ORIGINAL</b>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
3.1.01 President of Treasury Board	260,480	283,300	247,400
3.1.02 Executive Support	564,070	572,330	677,800
3.1.03 Budgeting and Systems	8,632,727	9,333,300	9,098,600
Less Revenue	(276,354)	(767,000)	(767,000)
3.1.04 Employee Relations	1,664,839	1,697,100	1,606,700
Less Revenue	(15,697)	-	-
3.1.05 Strategic Human Resource Management and Development	1,117,466	1,179,870	690,400
Less Revenue	(7,700)	-	-
3.1.06 Opening Doors	1,821,105	1,935,400	2,114,000
Less Revenue	(100,000)	(253,600)	(253,600)
3.1.07 French Language	487,692	562,400	562,400
Less Revenue	(389,048)	(443,600)	(443,600)
3.1.09 Office of the Comptroller General	3,080,533	3,140,900	2,873,600
Less Revenue	<u>(268,197)</u>	<u>(38,400)</u>	<u>(38,400)</u>
 Total Treasury Board Secretariat	 <u>16,571,916</u>	 <u>17,202,000</u>	 <u>16,368,300</u>

Please refer to Volume III of the *Public Accounts* of the Province, which were previously tabled in the House of Assembly, for detailed financial information.

**Glossary of Terms\***

<b>Accrual basis:</b>	A method of accounting whereby revenues are recorded when earned/due and expenditures are recorded when liabilities are incurred.
<b>Cash basis:</b>	A method of accounting whereby revenues are recorded when received and expenditures are recorded when paid.
<b>Deficit:</b>	The excess of annual expenditures over annual revenues.
<b>Gross Domestic Product (GDP):</b>	Gross domestic product, at market, of the Province as calculated by Statistics Canada.
<b>Total borrowings:</b>	The gross amount of borrowings (e.g. debenture debt) before sinking funds.
<b>Unfunded Pension Liability:</b>	The total pension obligation less pension assets as determined by an actuary.

\* Definitions are excerpts from *Public Accounts Highlights, Consolidated Summary Financial Statements (Volume I)*, 31 March 2002.