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# 2010 Annual Report on the Health of the Evaluation Function

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## Table of Contents

Message From the Secretary of the Treasury Board .....	1
Highlights .....	2
Background and context.....	2
Information sources used in preparing this report.....	3
Human and financial resources.....	3
Coverage.....	3
Neutrality .....	4
Quality .....	4
Use.....	4
Leadership provided by the Treasury Board of Canada Secretariat .....	5
Conclusions, needed improvements in the evaluation function and related challenges .....	6
1. Introduction .....	7
1.1 Purpose of this report.....	7
1.2 Context of the evaluation function and key features of the <i>Policy on Evaluation</i> .....	7
1.3 Tracking government-wide progress in implementing the 2009 <i>Policy on Evaluation</i> .....	10
1.4 The Treasury Board of Canada Secretariat's monitoring of the evaluation function .....	10
2. Current State and Recent Progress on Key Aspects of the Evaluation Function.....	12
2.1 Financial and human resources of evaluation units .....	12
2.2 Neutrality of the evaluation function/infrastructure in departments .....	16
2.3 Evaluation coverage of direct program spending .....	18
2.4 Evaluation quality .....	20
2.5 Evaluation use.....	23
3. Small Departments and Agencies .....	26
3.1 Legal and policy environment.....	26
3.2 Monitoring and engagement of small departments and agencies by the Treasury Board of Canada Secretariat.....	26

4. Leadership Provided by the Treasury Board of Canada Secretariat.....	28
4.1 The Centre of Excellence for Evaluation.....	28
5. Summary and Conclusions .....	33
5.1 Progress in implementing the <i>Policy on Evaluation</i> .....	33
5.2 Overall Management Accountability Framework assessment ratings for the government-wide function .....	34
5.3 Needed improvements and their challenges for the evaluation function .....	35
Appendix: Methodology and Data Sources.....	38
Capacity Assessment Survey.....	38
Management Accountability Framework assessment of evaluation quality and use .....	38
Consultation with deputy heads .....	40
Consultation with heads of evaluation.....	40

## Message From the Secretary of the Treasury Board

I am pleased to present the *2010 Annual Report on the Health of the Evaluation Function*. This report provides a comprehensive picture of the health of the government-wide evaluation function by providing key information about the function's capacity, infrastructure, and the quality and use of the evaluations it produces. It also describes the activities of the Treasury Board of Canada Secretariat in leading and supporting the government-wide evaluation function.

As a management tool, evaluation supports policy and program improvement, expenditure management, Cabinet decision making, and public reporting by providing reliable, neutral assessments of the value for money of government programs. With the renewal of the Government of Canada's Expenditure Management System in 2007, evaluation plays an increasingly important role in the effective management of public spending. To support that role, the Treasury Board's 2009 *Policy on Evaluation* introduced significant changes to the evaluation function in departments and across the Government of Canada. Major changes include requirements for departments to comprehensively evaluate their direct program spending every five years, starting in 2013–14, assess the relevance and performance of their direct program spending, establish infrastructures that support the neutrality of their evaluation functions, and ensure that their heads of evaluation meet competency requirements so that the quality of evaluations will be strengthened.

Because of the substantial changes introduced in the 2009 *Policy on Evaluation*, a four-year gradual implementation has been adopted to give departments adequate time to adapt to the new requirements. This period will be an important capacity-building period for the federal evaluation function and will be a period of cultural change. Subsequent annual reports on the health of the evaluation function will track progress on key elements associated with building and maintaining a robust evaluation function for the Government of Canada.

Michelle d'Auray  
Secretary of the Treasury Board

## Highlights

### Background and context

Recent years have witnessed a widespread and international trend toward developing more comprehensive performance information in order to improve performance-based budgeting and public sector management in general.<sup>1,2,3,4</sup>

The Government of Canada's *Policy on Evaluation*, introduced in April 2009, calls upon the evaluation function to play an important role in informing government expenditure decisions by providing neutral and credible evidence about the value for money of federal programs. The government-wide evaluation function, which includes evaluation units in all large departments and agencies (LDAs) and most small organizations, is currently in a period of cultural change and capacity building as it moves toward meeting the new policy's objective.

Evaluation is a tool to support good decisions and help government credibly report on the results it has achieved with the resources invested in programs. In line with the recent policy, the evaluation function is building a comprehensive base of evidence about the effectiveness, efficiency, economy and relevance of government programs. This information is used by ministers and parliamentarians to improve government policies and programs, ensure effective and efficient allocation of resources to priorities, and provide assurance to Canadians that they are getting value for money from their tax dollars.

The four-year transition phase for the federal evaluation function gives departmental evaluation units time to build their capacity and increase their coverage of the programs managed by their departments so that an average of 20 per cent of direct program spending will be evaluated every year, beginning in April 2013. For some departments, this may mean directing more resources toward the evaluation function, such as hiring more evaluators; for others, it may mean evaluating more of their direct program spending using existing evaluation resources and evaluators by employing more cost-effective, calibrated evaluation designs that still deliver reliable evidence about program value for money. It is expected that from one planning period to the next, prior evaluations of programs will facilitate the calibration of subsequent evaluations.

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1. Curristine, Teresa, ed., *Performance Budgeting in OECD Countries*, OECD 2007.
  2. Kraan, Dirk et al., *Public Administration After "New Public Management," Value for Money in Government Series*, OECD 2010.
  3. Kraan, Dirk-Jan, "Programme Budgeting in OECD Countries," *OECD Journal on Budgeting*, Vol. 7, No. 4, 2007.
  4. Lau, Edwin et al., *Working Together to Sustain Success*, OECD Public Governance Reviews, Finland, OECD, 2010.

This means that where a solid foundation of evaluative information about a given program is already available, fewer resources are likely to be needed for conducting future evaluations.

## Information sources used in preparing this report

This *2010 Annual Report on the Health of the Evaluation Function* draws on information from the Treasury Board of Canada Secretariat's ongoing monitoring of the function, from consultations with deputy heads and departmental heads of evaluation or directors of evaluation, as well as from other sources.<sup>5</sup> The Secretariat will continue to build on its approach for assessing and reporting on the health of the evaluation function.

## Human and financial resources

Government-wide annual resources for evaluation in 2009–10 were approximately \$77.6 million, which represented an increase of more than 10 per cent from the previous year. LDAs accounted for \$74.3 million of all annual resources for evaluation.

According to deputy heads and departmental heads of evaluation, hiring skilled evaluators is a widespread and significant challenge for departments because too few are available to meet their needs. In 2009–10, the government-wide evaluation function comprised approximately 515 full-time equivalents (FTEs), with LDAs accounting for 488 of all FTEs. The median number of FTEs per large department was 11.9 but ranged widely from department to department. Year-to-year percentage increases in FTEs were 17.9 per cent from 2006–07 to 2007–08, 18.1 per cent from 2007–08 to 2008–09, and 6.6 per cent from 2008–09 to 2009–10.

Many departments use contractors to supplement capacity or access specific expertise. Approximately 93 per cent of evaluations completed during 2009–10 involved contractors, whether for small or large portions of the work. Of those evaluations involving contractors, 72 per cent included contracted work for data collection. It is acknowledged that contracting out is an important option for departments and, in some cases, may be the most cost-effective method for securing needed evaluation expertise, including data collection capacity.

## Coverage

Management Accountability Framework (MAF) assessments of evaluation coverage in 2009–10 found that more than three quarters of LDAs (77.2 per cent) are moving toward meeting requirements for full coverage of direct program spending, including full coverage of ongoing programs of grants and contributions (Gs&Cs).

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5. Refer to the Appendix for a description of information sources used in preparing this report.

Overall coverage of direct program spending has increased over the past three years, rising from 7.5 per cent in 2007–08 to 15.7 per cent in 2009–10. This rise is largely due to increased coverage of ongoing programs of Gs&Cs. The *Federal Accountability Act* (enacted in December 2006) requires that all ongoing Gs&Cs programs be evaluated every five years, with the first five-year period ending in December 2011. Consequently, there has been a rapid increase in evaluation coverage of these programs, with 42.3 per cent of Gs&Cs having been evaluated in 2009–10 and cumulative coverage since the introduction of the legal requirement having reached 68 per cent.

## Neutrality

In general, departmental evaluation functions have infrastructures that support their neutrality. In 2009–10, all LDAs had a designated head of evaluation, virtually all had a departmental evaluation committee, and 74 per cent of these committees were chaired by a deputy head. When consulted, deputy heads indicated that current governance structures and mechanisms are supporting a neutral evaluation function.

## Quality

Using the criteria that it considers when judging the quality of evaluation reports under the MAF assessment process, the Treasury Board of Canada Secretariat rated more than 85 per cent of LDAs as “acceptable” or “strong” for the overall quality of their reports in 2009–10.

Notably, however, the unavailability or low quality of performance measurement data is often cited in evaluation reports as a constraint to conducting evaluations. When looking collectively at the reports assessed for each department, two thirds of departments usually or almost always identified this constraint. This finding was echoed by departmental heads of evaluation, who indicated that inadequate performance data currently represents a major challenge for the government-wide evaluation function because it often diverts evaluation resources toward collecting the necessary data, constrains analysis, and limits the quality and reliability of evaluation conclusions.

## Use

The Secretariat’s Centre of Excellence for Evaluation (CEE) supports the use of evaluation findings in decision making, notably in the Expenditure Management System. Based on its review of individual evaluations, the CEE provides advice on the findings’ credibility and quality for use in central agency processes, i.e., to inform expenditure management decisions. This includes advice and analysis regarding evaluation-related input to Treasury Board submissions, Memoranda to Cabinet and Strategic Reviews. In 2009–10, the CEE provided advice on approximately 200 Treasury Board submissions that were brought forward by departments.



When consulted, heads of evaluation noted that an important indicator of success for the evaluation function is the extent of use of the evaluations it produces. Although departmental Capacity Assessment Survey data (described in the Appendix) describes frequent use of evaluations in Cabinet committee decision making (notably for supporting Treasury Board submissions) and for parliamentary reporting, results of a consultation with deputy heads suggest that the potential for evaluation to serve other purposes has not been fully exploited.

On the other hand, deputy heads acknowledged that evaluations are used in many, often “untraceable” ways. Deputy heads saw potential for drawing more strategic insights from evaluation, such as for informing policy development.

### Leadership provided by the Treasury Board of Canada Secretariat

The Treasury Board of Canada Secretariat, through its CEE, plays a functional leadership role for evaluation through the following:

- ▶ Supporting departments in implementing the *Policy on Evaluation*;
- ▶ Encouraging the development and sharing of effective evaluation practices across departments;
- ▶ Supporting capacity-building initiatives in the evaluation function government-wide;
- ▶ Monitoring and reporting annually to the Treasury Board on the health of the evaluation function across government; and
- ▶ Developing an annual Government of Canada Evaluation Plan that outlines government-wide evaluation priorities.

In response to departments’ priority needs for support in implementing the *Policy on Evaluation*, the Secretariat’s CEE has released several pieces of written guidance since the policy came into effect. Guidance topics include departmental evaluation planning, development of performance measurement strategies, and the composition of departmental evaluation committees. In addition, the CEE has actively consulted departments on the ongoing development of guidance on assessing program efficiency and economy, theory-based approaches to evaluation, evaluating horizontal initiatives, and evaluating policy programs.

To encourage the development and sharing of evaluation practices, in 2009–10 the CEE led interdepartmental thematic working groups on evaluation approaches to identify cost-effective methods for evaluating federal programs, and maintained a community of practice for the federal evaluation function to promote the sharing of evaluation practices across departments.

To support capacity building in the government-wide evaluation function during 2009–10, the CEE undertook a post-secondary recruitment initiative for the federal evaluation community, developed a competency profile for federal evaluators, worked with the Canada School of Public Service in developing a provisional course curriculum for evaluators, and reached out to other course providers and stakeholders working to expand learning opportunities for evaluators, for example, by promoting the efforts of a university consortium for education in evaluation.

These efforts notwithstanding, consulted deputy heads and departmental heads of evaluation expressed a desire for stronger, more visible leadership and support from the Secretariat in the form of guidance to help with implementing the *Policy on Evaluation* and for building the profile of the government-wide evaluation function.

## Conclusions, needed improvements in the evaluation function and related challenges

In the last few years, departments overall have been increasing the resources dedicated to their evaluation functions, in part due to new central funding of \$10.7 million per year since 2007–08 associated with *Federal Accountability Act* requirements and in part due to the reallocation of departmental funds. As a result, evaluation coverage of direct program spending has also increased.

Despite generally good performance of the federal function overall, according to assessments using MAF criteria, this report suggests where departments and the Treasury Board of Canada Secretariat should focus improvement efforts over the policy's phase-in period. Major areas of focus include the following:

- ▶ Ensuring that ongoing performance measurement data is collected to support the conduct of evaluations, particularly their assessments of program performance and value for money;
- ▶ Increasing the supply of qualified and experienced evaluators;
- ▶ Leveraging the new flexibilities in the *Policy on Evaluation* to make better use of evaluation resources by using evaluation approaches and designs calibrated according to program characteristics, risks, and the quality of performance information already available about the program; and
- ▶ Emphasizing the use of evaluations to support a broader range of decisions.

Current weaknesses in the evaluation function present important challenges for the production of quality evaluations that address value-for-money issues, achieving the coverage requirements of the policy, and harnessing the full potential of evaluation in supporting government decisions. A commitment from departments and focused leadership and support from the Treasury Board of Canada Secretariat are needed to help the evaluation function meet these challenges.

## 1. Introduction

### 1.1 Purpose of this report

As a new requirement under the *Policy on Evaluation*, this first annual report on the health of the evaluation function provides the Treasury Board and Canadians with information about the Government of Canada's evaluation function, including evaluation infrastructure, neutrality of the function, financial and human resources, evaluation coverage, quality of evaluations, and the use of evaluation in decision making.

This report is primarily intended to achieve the following:

- ▶ Inform the Government of Canada, parliamentarians and Canadians about how implementation of the *Policy on Evaluation* is progressing across departments;
- ▶ Support deputy heads of departments by identifying areas of improvement for departmental evaluation functions; and
- ▶ Assist the Treasury Board of Canada Secretariat in its functional leadership role by identifying what improvements are needed in the government-wide evaluation function in order to meet the policy's objectives.

### 1.2 Context of the evaluation function and key features of the *Policy on Evaluation*

The renewal of the government's Expenditure Management System (EMS) in 2007, including the advent of Strategic Reviews, has led to a greater emphasis on using program evaluation as an input to expenditure decisions because it is an important source of neutral, credible evidence about program value for money.

The renewed EMS, which supports responsible and effective government spending within the fiscal limits reflected in government spending plans, has embedded the use of evaluation information as an important feature. The integration of evaluation information into the EMS was essential for delivering on Budget 2006 commitments to put in place a system based on principles that included the following:

- ▶ Government programs should focus on results and value for money;
- ▶ Government programs must be consistent with federal responsibilities; and
- ▶ Programs that no longer serve the purpose for which they were created should be eliminated.

An important legislative change also figures prominently in the current context of the evaluation function. The *Federal Accountability Act* of 2006 amended the *Financial Administration Act* to require that all ongoing programs of Gs&Cs be evaluated every five years. The requirement for

evaluation of these types of programs was previously based only in the Government of Canada's *Policy on Transfer Payments*. This new legal requirement was echoed in the *Policy on Evaluation*.

The new *Policy on Evaluation* for the Government of Canada was introduced on April 1, 2009, replacing the evaluation policy that had been in effect since 2001. The policy strengthens requirements for evaluation coverage, assessment of the value for money of programs, the quality and timeliness of evaluations and the neutrality of the function, and the evaluation capacity in departments. In its September 2010 report, commenting on Chapter 1, "*Evaluating the Effectiveness of Programs*" of the fall 2009 *Report of the Auditor General of Canada*, the Standing Committee on Public Accounts expressed its support for the direction of the new policy by stating, "effectiveness evaluations are very important for making good, informed decisions about program design and where to allocate resources. The Committee has long encouraged the development of effectiveness evaluation within the federal government and is pleased that the government has strengthened the requirements for evaluation."

The new policy and its associated directive and standard do the following:

- ▶ Establish evaluation as a deputy head led function that has a neutral governance structure within departments;
- ▶ Set quality standards for individual evaluations through the *Standard on Evaluation for the Government of Canada*;
- ▶ Require comprehensive coverage of direct program spending every five years;
- ▶ Articulate core issues of program relevance and performance that must be addressed in all evaluations;
- ▶ Introduce new requirements for program managers to develop and implement ongoing performance measurement strategies;
- ▶ Set competency requirements for heads of evaluation within departments; and
- ▶ Require that evaluation reports be made easily available to Canadians in a timely manner.

Under the new policy instruments for evaluation, and following the transition period for the policy's primary coverage requirement (which ends after March 2013), departments will no longer use a risk-based approach for choosing *which* components of direct program spending to evaluate because all such spending will be subject to evaluation. Instead, risk, program characteristics and other factors will be considered by departments when choosing evaluation approaches and for calibrating evaluation methods and level of effort applied to individual evaluations.

It is recognized that improvements in the health of the federal evaluation function will be achieved over several years. With the significant changes introduced by the *Policy on Evaluation*, and based on the advice of an advisory committee of deputy heads,<sup>6</sup> a four-year gradual implementation was adopted to give departments adequate time to adapt and to build their capacity. This transition period does not apply to Gs&Cs programs that must be evaluated every five years in accordance with the new legal requirement within the *Financial Administration Act*.

In all, departments will have nine years to ramp up their evaluation capacity so that full coverage can be achieved. Evaluations conducted during the phase-in period are an important investment toward achieving full coverage in subsequent five-year planning periods, and toward optimizing the use of evaluation resources. Evaluations conducted during this period provide an important foundation of performance information about the programs they have assessed. With future evaluations of the same program in subsequent five-year evaluation planning periods, this previous evaluation evidence can provide the conditions to facilitate less resource-intensive evaluation designs.

In addition, the phase-in period provides an opportunity for departments to accumulate experience with new evaluation approaches, calibrate evaluation designs, share successful practices with other departments, and discuss the quality of resulting evaluations with evaluation users and the CEE.

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6. The former Treasury Board Portfolio Advisory Committee of deputy ministers was consulted in October 2008 about the draft *Policy on Evaluation*. This committee has been renamed the Public Service Management Advisory Committee.

### 1.3 Tracking government-wide progress in implementing the 2009 *Policy on Evaluation*

The Secretariat uses a variety of indicators to track government-wide progress on implementing the *Policy on Evaluation*. Notable indicators that are currently reported include the following:

- ▶ The percentage of direct program spending covered by evaluation on an annual basis;
- ▶ Government-wide coverage efficiency, calculated as the total dollar amount spent annually to resource the evaluation function as a percentage of the total dollar amount of direct program spending evaluated annually;
- ▶ The percentage of LDAs rated as “acceptable” or “strong” for the overall quality of their reports, under the MAF assessment process; and
- ▶ The percentage of LDAs rated as “acceptable” or “strong” for their use of evaluation in decision making, under the MAF assessment process.

Beginning with next year’s annual report on the health of the evaluation function, the Secretariat will also begin tracking an additional key indicator, which is the percentage of departmental evaluation plans submitted by LDAs that demonstrate comprehensive coverage of direct program spending over the five-year planning period.

The Secretariat annually reviews and enhances its methods for monitoring and assessing progress in the government-wide evaluation function and will use the annual health of the evaluation function report to identify areas where departments need further support and guidance for policy implementation and for achieving functional health.

### 1.4 The Treasury Board of Canada Secretariat’s monitoring of the evaluation function

As the leader for the federal evaluation function, the Treasury Board of Canada Secretariat undertakes monitoring of important attributes of the government-wide function. The Secretariat’s CEE interacts regularly with departmental evaluation functions, leads community meetings, and has conducted annual surveys of departmental evaluation capacity since 2004–05. The Capacity Assessment Survey (CAS) is administered to all departments and agencies through their individual heads of evaluation, who provide information on topics such as internal governance and processes, human and financial resources, evaluation coverage, and evaluation use.

Quality and use of evaluation is one of the core areas of management assessed under the MAF. The MAF sets out the Treasury Board's expectations of deputy heads and senior public service managers for good management of a department or agency. As such, quality and use of evaluation is assessed annually for all LDAs and on a three-year rotational basis for small departments and agencies (SDAs).

These assessments draw upon several lines of evidence and numerous assessment criteria based on policy requirements. Best practices may also be reflected in the assessment. In the course of being assessed, departments receive ratings for the quality of their evaluations, the neutrality of their departmental evaluation function, their evaluation coverage, and the use of evaluation information. In preparing MAF assessments, the Secretariat analyzes data from completed departmental Capacity Assessment Surveys, annual departmental evaluation plans and individual evaluation reports<sup>7</sup> submitted by departments, and other submitted information.

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7. Where possible, Secretariat analysts who conduct MAF assessments review all evaluation reports. However, where large volumes of reports are submitted in a short time frame, a sample of reports may be drawn for the purposes of conducting the assessment.

## 2. Current State and Recent Progress on Key Aspects of the Evaluation Function

In order to provide a comprehensive picture of the health of the evaluation function, this report focuses on five elements: financial and human resources, the neutrality of the function, coverage, quality, and use in decision making.

### 2.1 Financial and human resources of evaluation units

#### 2.1.1 Influences on resourcing the government-wide evaluation function

The December 2006 introduction of a legal requirement for evaluating all ongoing Gs&Cs programs every five years has had a significant influence on the level of resources dedicated to the federal evaluation function. The 2009 *Policy on Evaluation* and the renewal of the Expenditure Management System (and in particular, the introduction of Strategic Reviews), were two other notable changes to the context of the federal evaluation function. Both have increased deputy heads' needs for reliable, neutral assessments of the value for money of government programs, and in turn have influenced the level of resources departments have chosen to allocate to their evaluation functions.

#### Central funding

In the past 10 years, both time-limited and ongoing central funding for evaluation has been provided to departments and agencies. Funding has included the following:

- ▶ \$18.7 million over four years (2001–02 to 2004–05), provided to support the implementation of the 2001 evaluation policy, with the condition that the level of investment be maintained by departments after the time-limited funding expired; and
- ▶ Ongoing funding of \$10.7 million per year since 2007–08, provided to assist departments and agencies in meeting the legal requirement introduced through the *Federal Accountability Act* in December 2006.

#### 2.1.2 Financial resources

Evaluation resources comprise several components, including salary dollars, professional services, and operating and maintenance (O&M). Resources for the federal evaluation function have been increasing for several years. In 2009–10, government-wide annual resources for evaluation were approximately \$77.6 million, which represented an increase of more than 10 per cent from the previous year. LDAs accounted for \$74.3 million of all annual resources for evaluation.

Overall, there was an increase in evaluation resources of more than 120 per cent between 2004–05 and 2009–10. The largest annual rise in resources (over 49 per cent) occurred between



2006–07 and 2007–08, when new funding was dedicated to the government-wide function to support the new legal requirement for evaluation of all ongoing Gs&Cs every five years.

Salary resources represent the largest component of total resources for the evaluation function. In 2009–10, ongoing resources devoted to salaries represented 51 per cent of total evaluation resources across the function.

In 2009–10, LDAs devoted, on average, \$2.1 million to their evaluation functions. Government-wide, this amounts to 1/10 of 1 per cent of direct program spending,<sup>8</sup> as reflected in the Main Estimates.

Table 1. Financial Resources Expended on the Evaluation Function Within the Government of Canada From 2004–05 to 2009–10

Resource Category	2004–05 (\$ millions)	2005–06 (\$ millions)	2006–07 (\$ millions)	2007–08 (\$ millions)	2008–09 (\$ millions)	2009–10 (\$ millions)
<b>Salary*</b>	15.0	20.3	19.2	26.3	36.9	39.4
<b>Professional Services*</b>	6.5	12.9	13.5	17.1	20.1	14.8
<b>Operating and Maintenance (O&amp;M)*</b>	3.6	2.9	3.4	5.6	4.7	6.3
<b>Other†</b>	9.8	8.9	3.7	10.5	8.5	17.1
<b>Total Resources</b>	<b>34.8</b>	<b>45.0</b>	<b>39.8</b>	<b>59.5</b>	<b>70.2</b>	<b>77.6</b>
<b>% Annual Increase</b>	<b>—</b>	<b>29.2</b>	<b>-11.6</b>	<b>49.5</b>	<b>18.1</b>	<b>10.4</b>

Totals may not add due to rounding.

\* Denotes ongoing (i.e., A-based) resources in this category.

† “Other” includes time-limited funding for salaries, professional services and O&M, as well as resources transferred from departmental program areas or other departmental functions.

### 2.1.3 Human resources

In its February 2008 report, entitled *The Expenditure Management System at the Government Centre and the Expenditure Management System in Departments*, the Standing Committee on Public Accounts expressed its support for the government to “hire more evaluators in order to improve the information used in the Expenditure Management System.”

8. In 2009–10, total annual evaluation resources over total annual direct program spending government-wide was \$77,566,017 divided by \$95,386,769,843.

Although evaluation remains a small function within the Government of Canada, employing 515 FTEs in 2009–10, it experienced a period of rapid growth following the introduction of the legal requirement for evaluation of ongoing Gs&Cs, the renewal of the Expenditure Management System, and leading up to the introduction of the new *Policy on Evaluation*. FTEs increased 17.9 per cent from 2006–07 to 2007–08 and 18.1 per cent from 2007–08 to 2008–09. Overall growth slowed to 6.6 per cent between 2008–09 and 2009–10. The relative proportions of executives (EX occupational group), analysts (EC/ES occupational group) and administrative staff (AS occupational group) working within the function have remained relatively constant over the past four years.

Table 2. FTEs Working in Evaluation in the Government of Canada From 2004–05 to 2009–10

Occupational Group	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
AS	63 (24%)*	Not measured	49 (14%)	52 (13%)	61 (13%)	69 (13%)
EC/ES	142 (55%)	Not measured	236 (68%)	290 (71%)	345 (71%)	361 (70%)
EX	23 (9%)	Not measured	25 (7%)	28 (7%)	33 (7%)	33 (7%)
Other	32 (12%)	Not measured	37 (11%)	38 (9%)	44 (9%)	52 (10%)
<b>Total FTEs</b>	<b>259</b>	<b>271</b>	<b>347</b>	<b>409</b>	<b>483</b>	<b>515</b>
<b>% Annual Increase</b>	<b>—</b>	<b>4.4</b>	<b>28.0</b>	<b>17.9</b>	<b>18.1</b>	<b>6.6</b>

Totals may not add due to rounding.

\* Figures in brackets indicate the percentage of total annual FTEs represented by each occupational group.

Evaluation functions in LDAs accounted for 488 of all FTEs. The median number of FTEs per large department in 2009–10 was 11.9.

Beyond the absolute numbers of FTEs that are employed in the evaluation function across government, the question of whether departments have access to evaluators that have sufficient skill and experience to meet their needs remains. Many of the deputy heads consulted in fall 2010 indicated that hiring skilled evaluators is a government-wide challenge because too few are available. When consulted, departmental heads of evaluation mentioned the lack of qualified candidates at senior levels and the competition between departments to attract evaluators, leading to a movement of evaluators from department to department.

### 2.1.4 Prevalence of contracting out evaluation work

The Treasury Board of Canada Secretariat has begun to monitor the proportion of evaluations that involve contractors because this can be one indicator of departmental evaluation capacity. This information, however, must be carefully interpreted because contracting out evaluation work is acknowledged as an option that in many instances reflects responsible management decision making and use of resources.

Contracting may be a cost-effective method for securing evaluation expertise for defined periods (such as periods of higher-than-average work volume or to acquire a particular analytical expertise for a specific evaluation) rather than expanding the number of full-time staff. In other cases, using contractors for extensive data collection may be an economical option for meeting departmental needs rather than building such capacity within individual departments.

From current monitoring data, it is clear that many evaluation contracts involve only some components of an overall evaluation project (for example, data collection components), whereas others may entail a more comprehensive role for consultants in conducting the evaluation under the direction of a departmental official.

In the spring and summer of 2010, the Secretariat consulted departments about their use of contractors in the conduct of evaluations.<sup>9</sup> Of the evaluations conducted and approved in 2009–10 by the departments who responded to the consultation,<sup>10</sup> 93 per cent involved the use of contractors for some part of the evaluation work, whereas the remaining 7 per cent did not involve contractors to any extent. Of those evaluations involving contractors, 72 per cent included contracted work for data collection (e.g., document review, surveys, focus groups, interviews, expert opinions or review of administrative databases). The total contracted cost for this evaluation work was \$20.5 million. For the 177 evaluations that involved a contractor, 110 different consultants or consulting firms were used.

When asked, all deputy heads consulted indicated that they would continue to use evaluation contractors as needed, especially because hiring skilled evaluators into the federal evaluation function is currently a challenge.

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9. During 2009–10, the use of evaluation contractors by departments was not included in the Secretariat's regular monitoring of the *Policy on Evaluation*. It should be noted that the collection of self-reported data from departments at two different times during the fiscal period has led to slight discrepancies in reported figures.

10. Thirty-five departments responded to the request for information, providing data on 191 evaluations.

## 2.2 Neutrality of the evaluation function/infrastructure in departments

Neutrality is a cornerstone for a credible and effective evaluation function. Departments are expected to establish infrastructure and processes for their evaluation functions so that professional, personal or financial relationships or interests will not influence or limit the scope of evaluations or the evaluation questions that are examined. Neither should such relationships influence the rigour of evaluation methodology, limit disclosure, or weaken or bias findings, conclusions, recommendations, or the tone and content of evaluation reports.

### 2.2.1 Departmental evaluation committees

In 2009–10, all but one large department (35 of 36) had a departmental evaluation committee in place. Among LDAs that have such a committee in place, 74 per cent (26 of 35) are chaired by the deputy head of the organization. In organizations where the deputy head does not chair the committee, a senior designate fulfills this role.

Deputy heads have noted that their chairing the committee sends an important signal about the importance of using evaluation. More than one also mentioned that a committee that has a composition that parallels that of the senior management team results in “really good discussion.”

Two thirds of the committees in LDAs (23 of 35) serve the evaluation function alone, whereas the other third serve more than one function. All committees meet at least twice per year; more than half (57 per cent) meet four or more times per year. Having a higher frequency of committee meetings likely contributes to actual use of evaluation in decision making. As one deputy head indicated, this “keeps evaluation top of mind in the governance of the organization.”

**Infrastructure for Departmental Evaluation Functions:** To support the neutrality of evaluation functions, all departments and agencies are required to designate a head of evaluation who has direct, unencumbered access to the deputy head on evaluation matters. The head of evaluation in each department is required to direct all individual evaluations.

LDAs must establish a departmental evaluation committee chaired by the deputy head or a senior designate. The committee advises the deputy head on departmental evaluation planning, resourcing and final evaluation reports. The composition of members of the committee is not dictated in policy, which sets out only the committee’s roles and responsibilities.

### 2.2.2 Access of heads of evaluation to deputy heads

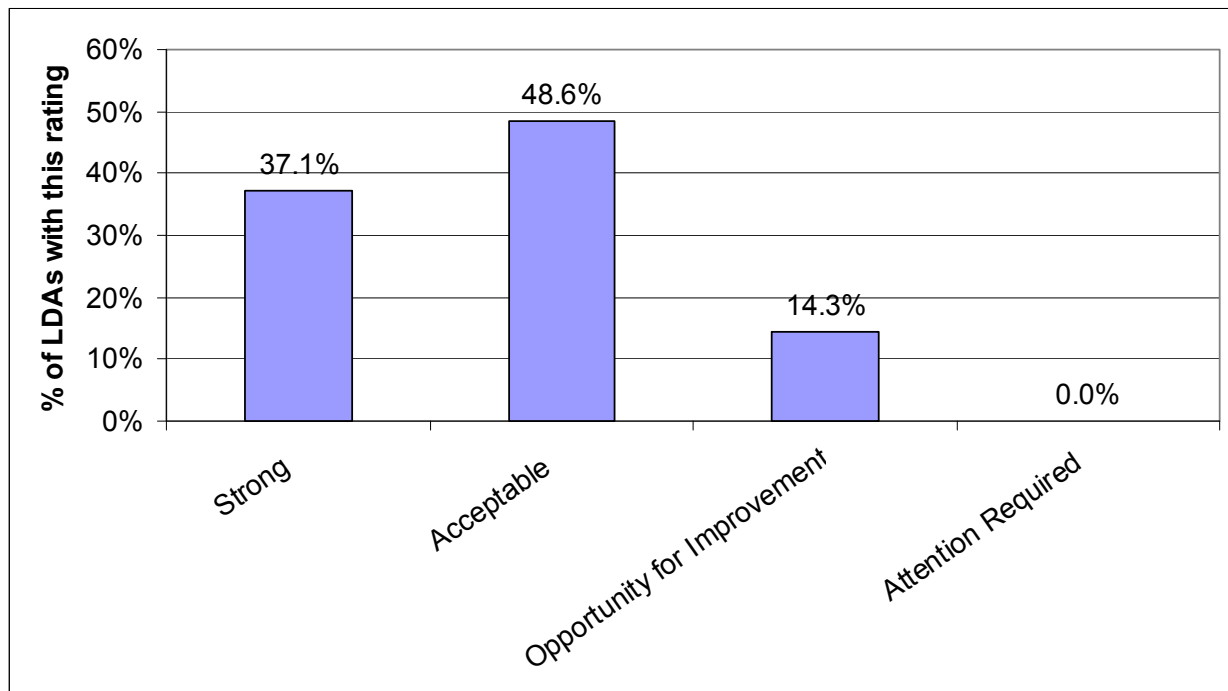
Unencumbered access of the head of evaluation to his or her deputy head is a requirement of the *Policy on Evaluation*. Although this requirement does not dictate a reporting structure, the Treasury Board of Canada Secretariat considers it a good practice for heads of evaluation to report directly to their deputy heads.

In 2009–10, just over half (54 per cent, or 19 of 35) of all heads of evaluation in LDAs reported directly to their deputy heads. Forty-two per cent of LDAs have combined the roles of the head of evaluation and the chief audit executive into one position that reports to the deputy head. Heads of evaluation who did not report directly to their deputy head (46 per cent, or 16 of 35) reported instead through another executive, such as a director general or assistant deputy minister.

When consulted in September and October 2010, deputy heads indicated that current governance structures and mechanisms are supporting a neutral evaluation function.

In general, the Secretariat's assessments under the MAF showed good management performance ratings for departmental evaluation functions with respect to neutrality, as measured by the level of access of the head of evaluation to the deputy head, the adequacy of and level of control over evaluation resources, and the presence of a departmental evaluation committee responsible for advising the deputy head about the evaluation function.

**Figure 1. 2009–10 MAF Ratings for Neutrality (35 LDAs)**



## 2.3 Evaluation coverage of direct program spending

### 2.3.1 Coverage of ongoing grants and contributions

As a result of the legal requirement for the evaluation of ongoing Gs&Cs, coverage of these programs has been increasing rapidly each year since 2007–08. Across all departments, 42.3 per cent of all Gs&Cs were evaluated during 2009–10, more than double the percentage evaluated in the previous year. Cumulatively, the percentage of Gs&Cs evaluated since April 2007 (the beginning of the fiscal year that followed the introduction of the legal requirement) is 68 per cent.<sup>11</sup>

### 2.3.2 Overall coverage of direct program spending

Under the *Policy on Evaluation*, 2013–14 to 2017–18 is the first five-year period over which departments will be required to achieve full evaluation coverage of ongoing direct program spending (with the exception of ongoing Gs&Cs, which must be fully covered earlier). Following the policy's transition period, departments will need to evaluate all direct program spending every five years, which corresponds to an average rate of coverage of 20 per cent each year.

Overall coverage of all direct program spending (all types, including ongoing Gs&Cs) has increased over the past three years, rising from 7.5 per cent in 2007–08 to 15.7 per cent in 2009–10.

Gs&Cs programs constitute a specific type of direct program spending. The first five-year period for meeting the legal requirement to evaluate these programs ends in December 2011. This deadline has led many departments to focus evaluation resources on this particular type of direct program spending over the past three years. Consequently, most of the recent gains made in annual evaluation coverage of all types of direct program spending are due to increased coverage of ongoing Gs&Cs specifically.

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11. The cumulative percentage assumes that departments have not re-evaluated the same Gs&Cs programs within the three fiscal years presented.

Table 3. Evaluations of Federal Program Spending 2007–08 to 2009–10

Fiscal Year	Total Number of Evaluations	Direct Program Spending Covered by Evaluations (\$ millions)	Total Direct Program Spending* From Main Estimates (\$ millions)	Annual Evaluation Coverage (%)	Gs&Cs Program Spending Covered by Evaluations (\$ millions)	Total Gs&Cs Program Spending† From Main Estimates (\$ millions)	Annual Gs&Cs Coverage (%)
2007–08	144	6,055	80,640	7.5	2,413	27,626	8.7
2008–09	170	6,672	85,134	7.8	5,160	29,603	17.4
2009–10	189	14,925	95,387	15.7	14,452	34,184	42.3

\* Total direct program spending includes estimated spending on ongoing Gs&Cs programs; Gs&Cs program spending is one specific type of direct program spending.

† Values in this column are for estimated spending on Gs&Cs programs only, which is a subset of total direct program spending.

### 2.3.3 Management Accountability Framework assessment of evaluation coverage

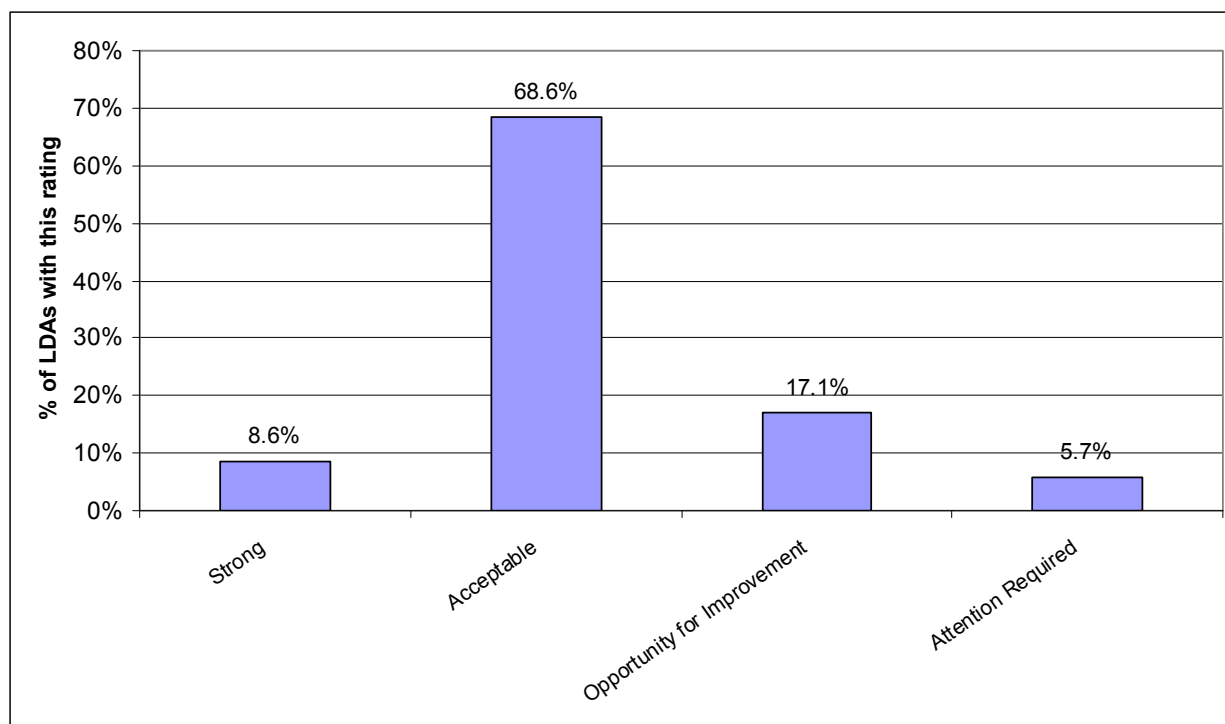
The Treasury Board of Canada Secretariat's 2009–10 MAF assessments of departmental evaluation coverage considered the following three main dimensions:

- ▶ Extent of progress in moving toward full evaluation coverage of direct program spending over a five-year period;
- ▶ Extent of progress made in evaluating the specific component of direct program spending categorized as ongoing Gs&Cs, over the distinct, initial five-year period for fully evaluating these programs (December 2006 to December 2011, as per the legal requirement); and
- ▶ Extent of planned coverage, as shown in deputy head–approved departmental evaluation plans.

According to these assessments, more than three quarters of LDAs showed evidence of moving toward full coverage of direct program spending, including full coverage of ongoing Gs&Cs.

Although they recognize the value and importance of evaluation, and despite the progress made over the past three years, deputy heads have expressed concerns about continuing progress on evaluation coverage. These concerns are primarily related to sustaining the growth of financial investment in the evaluation function, especially in light of resources required for other oversight and review exercises to which organizations are subject.

**Figure 2. 2009–10 MAF Ratings for Evaluation Coverage (35 LDAs)**



## 2.4 Evaluation quality

The Secretariat has defined several criteria that it uses for assessing the quality of evaluations produced by departments. In 2009–10, the criteria that were applied when assessing departmental evaluation reports through the annual MAF assessment process included the following:

- ▶ Addressing value-for-money issues related to program relevance, effectiveness, efficiency and economy;
- ▶ Quality of evaluation methodology;
- ▶ Disclosure of limitations in the conduct of evaluations and their impact on findings, e.g., as related to evaluation methods and data reliability;
- ▶ Quality and substantiation of evaluation findings and conclusions;
- ▶ Quality of recommendations; and
- ▶ Quality of the management response and action plan.

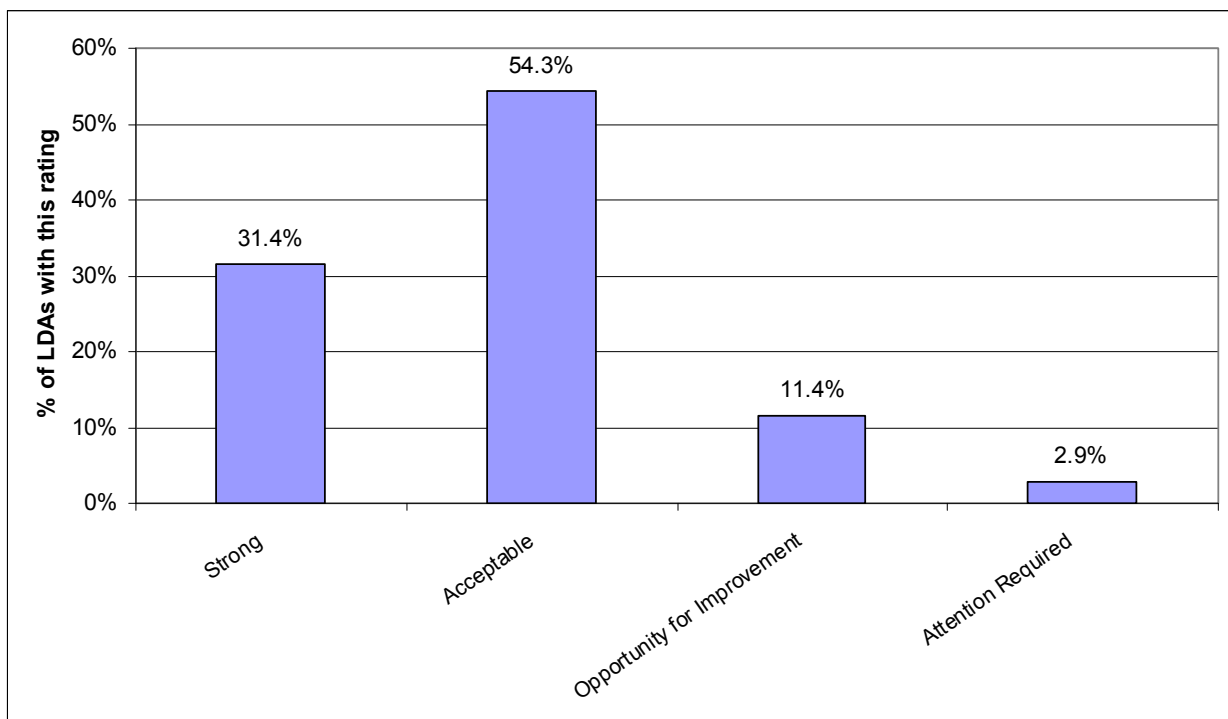
To help ensure that evaluations have the right focus to effectively support expenditure management decisions, the 2009 *Directive on the Evaluation Function* requires that all evaluations adopt a value-for-money focus by addressing core issues related to program effectiveness, efficiency, economy and relevance. Evaluations are expected to draw valid



conclusions about the relevance and performance of programs. It is recognized that, given the recent introduction of this directive and the long time frame for planning and conducting evaluations, some evaluations conducted in 2009–10 addressed the core issues from the 2009 directive, whereas others addressed issues in line with the requirements of the 2001 evaluation policy. Under the 2001 evaluation policy and standards, evaluations could address relevance, success and cost-effectiveness as needed.

In recognition of the transition period between the old and new policies, 2009–10 MAF assessments of evaluation quality were flexible in judging individual departmental evaluation reports against either the requirements of the 2009 directive or the standards of the 2001 evaluation policy.

**Figure 3. 2009–10 MAF Ratings for Evaluation Quality (35 LDAs)**



The examination of value-for-money issues in evaluations is facilitated by the ready availability of information collected through ongoing performance measurement. In departments, instituting ongoing performance measurement is a responsibility of deputy heads. Many departments have made significant progress in implementing the *Policy on Management, Resources and Results Structures*, which provides the basis for measuring, monitoring and reporting program performance at all levels of organizations. Program managers also have specific responsibilities

under the *Policy on Evaluation* and the *Policy on Transfer Payments* for developing and implementing performance measurement strategies for their programs.

In implementing these three policies, departments have begun to entrench systematic processes for performance measurement that can provide needed data, both for program management and for supporting evaluations. Improvements in ongoing performance measurement are still needed, especially at the more granular level of individual programs, to ensure that departmental evaluations have the data required for assessing program performance, including program effectiveness.

Because strong performance measurement practices are an important factor for facilitating evaluations, the *Policy on Evaluation* requires heads of evaluation of all LDAs to review and provide advice on departmental performance measurement frameworks and on program-level performance measurement strategies. Further, the policy also requires heads of evaluation to prepare annual reports for submission to their departmental evaluation committees on the state of performance measurement within their departments and how well that performance measurement supports evaluation.

2009–10 MAF assessments reflected the Secretariat’s review and assessment of evaluation reports that were submitted by departments during the fiscal year. This included an assessment of how often a department’s evaluation reports cited the lack of, or insufficient quality of, performance data as a constraint to the evaluation. Departments were assigned a rating on this criterion based on the aggregate of submitted reports. The largest subset of departments was rated as “opportunity for improvement” on this criterion. Less than one third of departments were rated “acceptable” or “strong”; two thirds of departments received ratings of “opportunity for improvement” or “attention required.” This means that for 23 of the 35 LDAs assessed in 2009–10, evaluation reports usually or almost always cited unavailable or low-quality performance data as a constraint to conducting the evaluation.

Consulted departmental heads of evaluation also indicated that gaps in performance data currently represent a significant challenge for the government-wide evaluation function because evaluators must expend additional time and resources to collect the needed data themselves or to implement other approaches to offset the impact of insufficient data.

## 2.5 Evaluation use

Evaluation can be and is used in a variety of ways, notably in discussions related to funding renewal proposals to the Treasury Board, as a source of information supporting departmental Strategic Reviews (such as helping to identify low-performing, low-priority program areas), for informing policy discussions, and for informing decisions on program design and delivery. When consulted, deputy heads, however, acknowledged that evaluation has not been fully leveraged for its potential use in informing policy development.

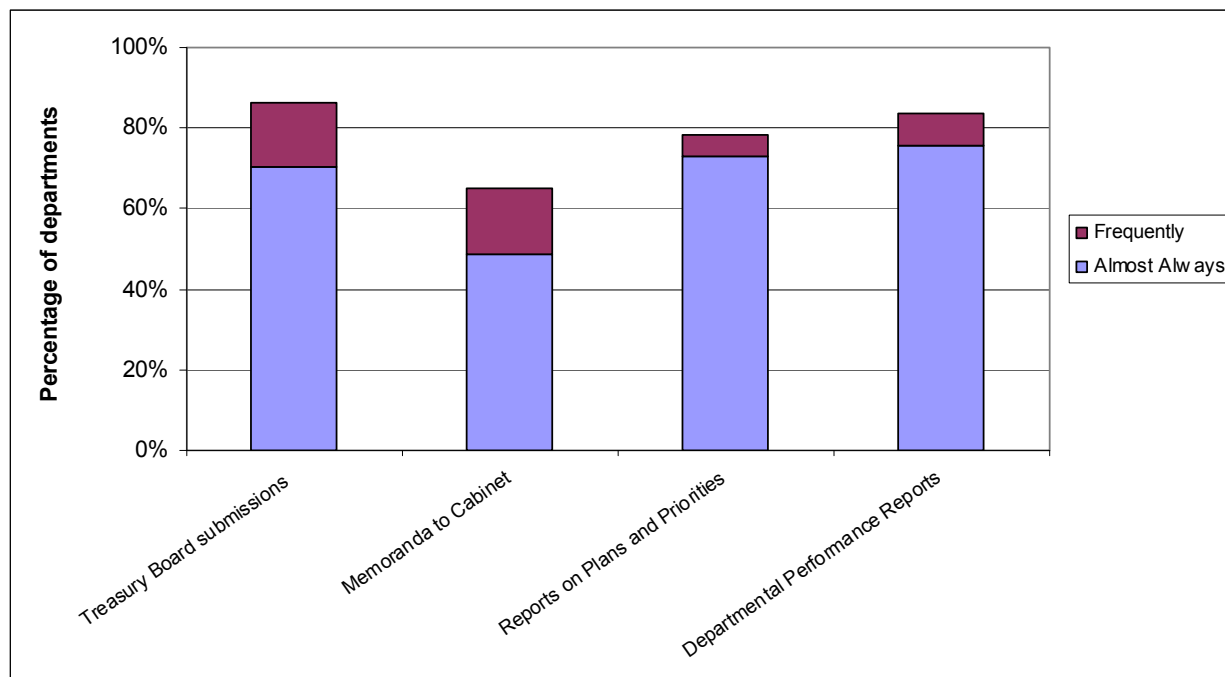
**Use of Evaluation:** When approving departmental evaluation plans developed by their departments, deputy heads are required to ensure that the plans will support the requirements of the Expenditure Management System, including Strategic Reviews.

Deputy heads are required to use evaluation findings to inform program, policy, resource allocation and reallocation decisions.

Several factors can help support the use of evaluation in departmental decision making. Deputy heads perceived that the composition of the departmental evaluation committee was important in promoting evaluation use, particularly where the committee was more inclusive and paralleled the senior management team. Further, a commitment by the deputy head to chair the committee meetings was thought to be important for sending the signal that the department is interested in using evaluation. In addition, the frequency of committee meetings was mentioned as having an important impact on use because more regular meetings were thought to keep evaluation “top of mind in the governance of the organization.” Lastly, some deputy heads perceived that systematically building evaluation into decision making was important for ensuring that evaluations contribute to decisions.

Based on self-reported data from LDAs (through the annual Capacity Assessment Survey), evaluations are frequently used to support Cabinet committee decision making and parliamentary reporting.

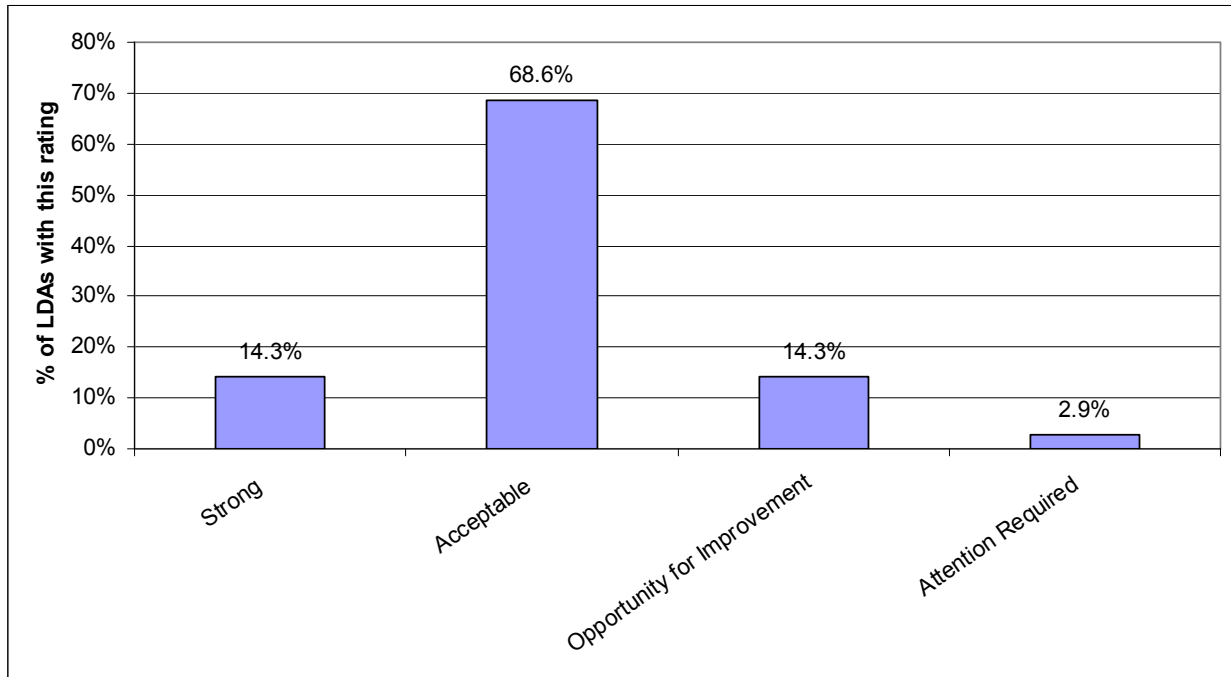
**Figure 4. Uses of Evaluation as Reported by LDAs**



However, when preparing for the Strategic Review process in recent years, many departments found they lacked evidence about the performance of existing programming and were thus less able to provide assurance that their existing programming provided value for money. Because the new evaluation coverage requirements will bring about systematic, comprehensive assessment of a department’s direct program spending, future expenditure management exercises should benefit from a growing base of evaluation evidence.

MAF assessments show that most LDAs report acceptable use of evaluations in decision making, including for supporting Treasury Board submissions, memoranda to Cabinet and parliamentary reporting.

**Figure 5. 2009–10 MAF Ratings for Evaluation Use (35 LDAs)**



## 3. Small Departments and Agencies

### 3.1 Legal and policy environment

Under the *Policy on Evaluation*, small departments and agencies (SDAs) are defined as having less than \$300 million in their Annual Reference Level and revenues credited to the Vote.

Although SDAs must meet the legislated requirements for evaluation of all ongoing programs of Gs&Cs every five years, they are not obliged to meet some of the requirements of the *Policy on Evaluation* in light of the lower level of resources that SDAs have to support an evaluation function. Deferred requirements include, among others:

- ▶ The requirement for establishing a departmental evaluation committee;
- ▶ The requirement for developing a departmental evaluation plan;
- ▶ The coverage requirement to evaluate all ongoing direct program spending that is not subject to the legal requirement. Instead, coverage of this spending is at the discretion of the deputy head, as appropriate to the needs of the department or agency; and
- ▶ The competency requirements for heads of evaluation.

### 3.2 Monitoring and engagement of small departments and agencies by the Treasury Board of Canada Secretariat

The Treasury Board of Canada Secretariat uses a similar monitoring approach for evaluation functions in all government organizations. All departments and agencies are asked to complete an annual Capacity Assessment Survey, which provides important input to the MAF assessment process. However, because only one third of SDAs are subject to MAF assessment each year, the Secretariat observed a lower response rate to the survey, making it difficult to draw generalizations about SDA evaluation functions. With the introduction of the annual report on the health of the evaluation function, the Secretariat is taking steps to improve SDA response rates to future iterations of the Capacity Assessment Survey without placing undue burden on these organizations.

In September 2010, the Secretariat hosted a meeting specifically for heads of evaluation from SDAs, which was intended to support SDAs in their implementation of the *Policy on Evaluation* and to inform the Secretariat about the type of support and guidance that SDAs need. During this meeting, SDAs expressed a need for raising the profile of evaluation among senior management and deputy heads by communicating the value of evaluation as a management tool and the importance of evaluation planning. In addition, two major areas where SDAs identified a need for support were in planning evaluation and in building evaluation capacity.

With respect to evaluation planning, SDAs expressed a need for the following:

- ▶ Guidance on what direct program spending should be considered in evaluation plans (i.e., how to define an organization's evaluation universe);
- ▶ Guidance on planning evaluations that are appropriate to the needs of their organizations and for meeting policy requirements; and
- ▶ Guidance on achieving evaluation coverage through calibrating the level of evaluation effort and cost of evaluation according to the level of program materiality.

With respect to building evaluation capacity, SDAs expressed a need for the following:

- ▶ Training for evaluators and heads of evaluation that is affordable and accessible; and
- ▶ Guidance for contracting evaluations (e.g., developing statements of work and requests for proposals).

In the coming year, as the Secretariat is developing guidance and undertaking capacity-building initiatives for the government-wide evaluation function, further work will be undertaken to meet these needs.

## 4. Leadership Provided by the Treasury Board of Canada Secretariat

The Secretariat is responsible for providing functional leadership for evaluation across the federal government.

Through policy instruments and MAF expectations, the Treasury Board and the Secretariat have defined the characteristics of management excellence in the evaluation function by setting out fundamental principles and requirements for departments and by identifying key uses for evaluation in supporting expenditure management decisions. At the same time, these policy instruments promote creativity, innovation and intelligent risk taking in the practice of evaluation.

The Centre of Excellence for Evaluation (CEE) fulfills the Secretariat's responsibilities under the *Policy on Evaluation* to provide functional leadership for evaluation across the federal government by monitoring policy implementation in departments and by providing advice and guidance in the conduct, use and advancement of evaluation practices.

As one of its responsibilities, the CEE is currently working to develop a Government of Canada Evaluation Plan. An initial framework for the plan will be prepared first, with the aim of achieving an approved plan before the end of the policy's transition period, i.e., before March 2013.

Deputy heads and departmental heads of evaluation have expressed a desire for the Secretariat to provide stronger, more visible leadership and support to the federal evaluation function to help with implementing the *Policy on Evaluation* and for building the profile of the government-wide evaluation function.

### 4.1 The Centre of Excellence for Evaluation

#### 4.1.1 Areas of activity

The CEE undertakes a number of activities to fulfill its role. Major areas of activity include the following:

- ▶ Monitoring policy implementation and evaluation capacity in departments;
- ▶ Developing guidance materials and tools and providing advice to support policy implementation in departments and agencies and to advance evaluation practices;



- ▶ Fostering community and capacity development to support improvements in the capacity and competence of evaluation units across the Government of Canada; and
- ▶ Supporting and providing advice on the use of evaluation findings in central agencies and across government.

### **Communication and outreach activities**

After the launch of the *Policy on Evaluation* in April 2009, in 2009–10 the CEE delivered over 40 information sessions and presentations to departments, outside organizations and international delegations, reaching an estimated 2500 individuals in order to explain the requirements of the new policy instruments.

#### **4.1.2 Approaches to engagement**

The CEE's activities are inherently collaborative. It carries out its major activities primarily by engaging directly with departmental evaluation units and by providing support to the Treasury Board of Canada Secretariat's program sectors on the use of evaluation findings in expenditure management processes. The CEE's approaches to engagement include the following:

- ▶ Holding regular interdepartmental meetings of heads of evaluation to discuss a range of issues, as well as holding bilateral meetings as needed. In 2009–10, the CEE held four interdepartmental meetings of heads of evaluation and 31 bilateral meetings with departments;
- ▶ Supporting an electronic community of practice for the federal evaluation function;
- ▶ Leading interdepartmental working groups in the development of evaluation approaches; and
- ▶ Interacting frequently, on a one-on-one basis, with departments and with Treasury Board of Canada Secretariat program sector analysts.

In its role as functional leader for evaluation, the CEE also engages with a variety of internal and external partners and stakeholders.

#### **4.1.3 Monitoring and reporting on evaluation capacity and policy implementation**

Monitoring helps the CEE identify needed improvements in the government-wide function, which informs the development of evaluation-related administrative policy, and the support that the CEE provides to policy implementation through guidance and tools for departments. The CEE's monitoring activities provide essential input to the annual report on the health of the evaluation function.

The CEE:

- ▶ Monitors the function by reviewing the quality of final departmental evaluation reports, as well as by reviewing the evaluation information presented by departments in their draft Treasury Board submissions. In 2009–10, the CEE reviewed and assessed 118 departmental evaluation reports;
- ▶ Reviews departmental evaluation plans submitted to the Secretariat (beginning in April 2010) to determine departments' progress in expanding evaluation coverage;
- ▶ Monitors government-wide evaluation capacity by conducting an annual Capacity Assessment Survey of departments to collect information about resourcing and governance of the function, evaluation coverage and use of evaluation evidence in decision making. The time frame for administering the survey and the data sought from departments is aligned with the needs of the MAF assessment process; and
- ▶ Conducts ad hoc studies to gather needed information that is not addressed through regular monitoring activities.

The CEE reports on insights gained through its monitoring activities through the following:

- ▶ Preparing MAF assessments of departmental management performance related to the evaluation function, which identify strengths and weaknesses; and
- ▶ Reporting to the Treasury Board on the health of the evaluation function and communicating the needed improvements in the function across departments.

#### **4.1.4 Advice and support on the use of evaluations**

The CEE provides advice to Secretariat program sectors on the credibility and quality of evaluations in order to inform the use of evaluations in Cabinet committee decisions. This includes advice and analysis that pertains to evaluation-related input to Treasury Board submissions, Memoranda to Cabinet and Strategic Reviews. In 2009–10, the CEE reviewed and provided advice on approximately 200 Treasury Board submissions.

#### **4.1.5 Policy guidance and advice**

The Secretariat, through its CEE and its program sectors, regularly consults with departments about their needs for support and monitors policy implementation to identify weaknesses that may require guidance, tools and support.

The CEE provides advice on policy requirements and interpretation to departments directly and through the Secretariat's program sectors.

Since the *Policy on Evaluation* went into effect in April 2009, the CEE has released written guidance for departments on the following:

- ▶ Departmental evaluation planning;
- ▶ Development of performance measurement strategies;
- ▶ The composition of departmental evaluation committees; and
- ▶ Competencies for evaluation professionals.

The CEE has also been actively consulting departments during the ongoing development of guidance on the following:

- ▶ Assessing program efficiency and economy;
- ▶ Using theory-based approaches to evaluation;
- ▶ Evaluating horizontal initiatives; and
- ▶ Evaluating policy programs.

Through its annual MAF assessments, the CEE provides advice to individual departments on needed improvements to their evaluation functions.

#### 4.1.6 Support to capacity building

Based on its monitoring and MAF assessment of the government-wide evaluation function, as well as departments' stated needs for support, the CEE undertakes work to support capacity building in departments and agencies. Previous studies conducted by the Secretariat have concluded that evaluation quality is largely determined by the competency of evaluators. In 2009–10, the CEE continued its work to identify needed competencies for evaluators, facilitate departmental access to qualified evaluators, expand learning opportunities for evaluators, and establish collaborative approaches for advancing and sharing evaluation practices in the Government of Canada. Specific initiatives, both completed and ongoing, include the following:

- ▶ A post-secondary recruitment initiative for the evaluation community;
- ▶ Development of a competency profile for federal evaluators;
- ▶ Development of a course curriculum for evaluators in partnership with the Canada School of Public Service;
- ▶ Support to a university consortium for education in evaluation;
- ▶ Leadership of thematic working groups on evaluation approaches to identify cost-effective methods for evaluating federal programs; and
- ▶ Development of a community of practice for the federal evaluation function and promotion of the sharing of evaluation practices across departments.

#### Competencies and Evaluation Quality

The competency of evaluators is a principal determinant for producing quality evaluations. The head of evaluation has the most direct role in ensuring evaluation quality.

Under the 2009 *Directive on the Evaluation Function*, heads of evaluation in LDAs departments must meet the Secretariat's competency requirements by March 31, 2013. These requirements are intended to ensure that heads of evaluation are competent to function as trusted strategic advisors to deputy heads and other senior managers and be primary departmental experts in evaluation.

The 2009 *Standard on Evaluation for the Government of Canada* requires that heads of evaluation be responsible for directing all evaluation projects. Further, the standard contains a series of requirements aimed at ensuring the quality of individual evaluations, including requirements about evaluation processes and activities, evaluation planning and design, evaluation project management, and evaluation reporting and use.

## 5. Summary and Conclusions

### 5.1 Progress in implementing the *Policy on Evaluation*

Based on the Treasury Board of Canada Secretariat's monitoring information from the first year of policy implementation, departments appear to be progressing relatively well with implementing new requirements for evaluation. Nonetheless, continued efforts will be needed to help ensure that this progress continues, and several challenges will need to be addressed in order for policy objectives to be fully achieved.

As a necessary foundation for a healthy government-wide function, departments appear to have established governance structures that promote the objectivity and neutrality of evaluation.

Although resources are limited and difficulties finding qualified evaluators persist, departments have shown good progress on evaluation coverage of direct program spending. However, this progress is largely due to substantial progress on evaluating ongoing Gs&Cs programs specifically. The Secretariat expects that many departments will continue to focus heavily on evaluating ongoing Gs&Cs until December 2011, which is the end of the first five-year period for meeting the legislated requirement. After this period, departments will need to shift some of their focus to evaluating other types of direct program spending.

With 2010–11 being the first year where the vast majority of evaluations will be planned with the new policy requirements in mind, the Secretariat expects evaluations conducted in 2010–11 to systematically address the value-for-money issues established in the *Directive on the Evaluation Function*. How effectively departments adopt this value-for-money focus in evaluations will be assessed through the Secretariat's 2010–11 MAF assessments of evaluation quality. The Secretariat is currently reviewing the criteria it uses for assessing the quality of evaluation reports to ensure that, beyond their technical quality, the ultimate utility of reports for informing expenditure decisions and program improvements is reflected in the quality assessment.

In 2009–10, departments reported frequent use of evaluations to support Cabinet committee decisions and for parliamentary reporting. However, the level of support that evaluation provides to the Strategic Review process has not yet reached expectations, and deputy heads have suggested that evaluation also has the potential for future use in other applications. The Secretariat is currently enhancing its methods for monitoring and assessing departmental evaluation use to complement the usage data that is currently self-reported by departments.

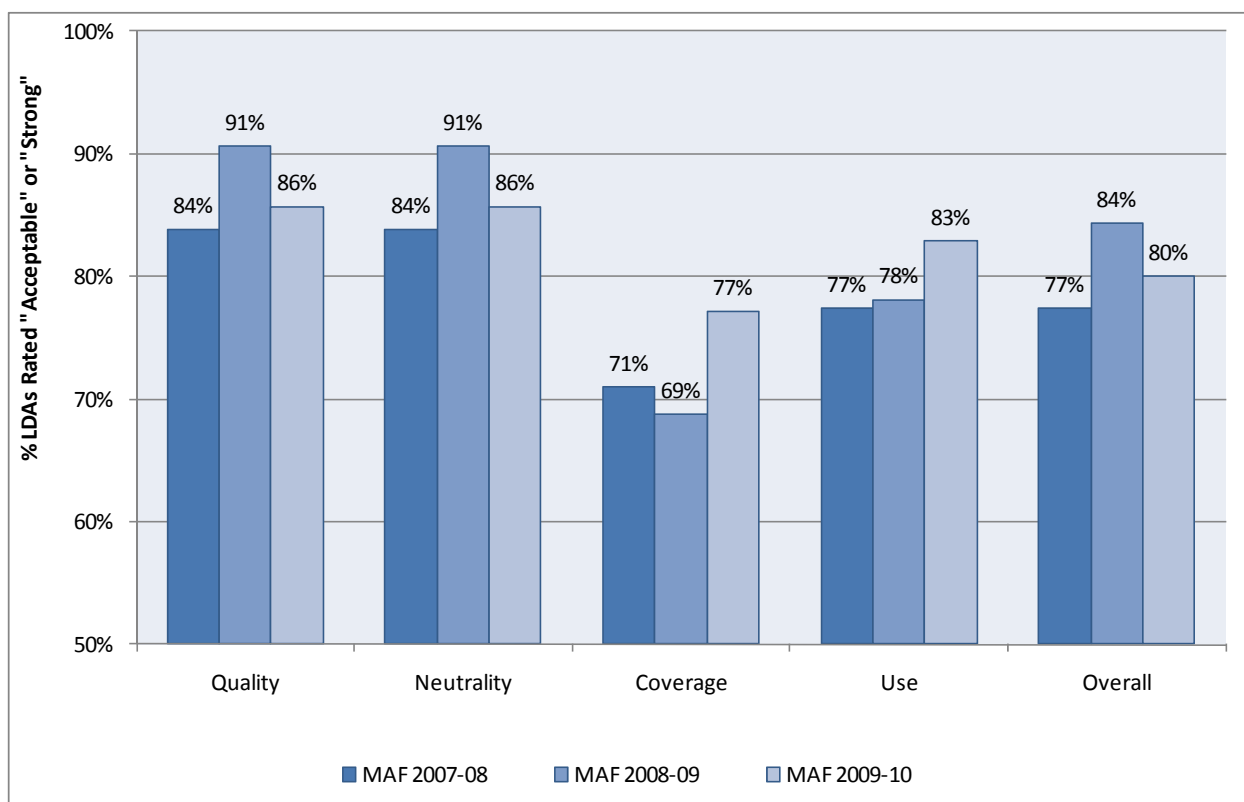
## 5.2 Overall Management Accountability Framework assessment ratings for the government-wide function

Overall MAF assessment ratings also suggest that the government-wide function is progressing relatively well with the implementation of new policy requirements.

MAF ratings for evaluation quality decreased somewhat during the 2009–10 round of assessment because assessment criteria began to reflect new policy requirements, including the stricter standard for evaluation quality and the required focus on core value-for-money issues.

When assessing departmental evaluation coverage, the Secretariat has taken into consideration the policy’s four-year transition period for moving toward comprehensive coverage. Overall, departments are adjusting well to the new policy requirements and are largely meeting expectations during the transition period. However, important areas for improvement remain.

**Figure 6. Percentage of LDAs That Have MAF Ratings of “Acceptable” or “Strong,” 2007–08 to 2009–10**



## 5.3 Needed improvements and their challenges for the evaluation function

Despite generally good overall performance of the federal evaluation function according to assessments of MAF criteria, some key areas for function-wide improvement are observable and have been described by deputy heads and heads of evaluation. Each of these areas is subject to specific challenges.

### **5.3.1 Improving the collection of performance measurement data to support evaluations**

One area for improvement relates to the availability and quality of performance data to support the conduct of evaluations. In evaluation reports produced in 2009–10, two thirds of departments usually or almost always cited unavailability or low quality of performance data as a constraint to conducting the evaluations. This finding echoes conclusions of the Auditor General’s fall 2009 report and the Standing Committee on Public Accounts’ September 2010 report, both of which pointed to weaknesses in the collection of performance data to support evaluations.

Inadequate performance data represents a twofold challenge for the evaluation function, on the one hand, for meeting quality requirements as they relate to evaluating value-for-money issues, and on the other hand, for achieving the coverage requirements of the policy. Sufficient amounts of high-quality performance data directly support the ability of evaluators to draw strong conclusions about program effectiveness, which in turn has an influence on the quality of evaluations and their utility for supporting management decisions. Where performance data is lacking, evaluators must spend more effort to collect data or find other approaches to mitigate the impact of insufficient data on the strength of the evaluation’s findings and conclusions. Insufficient performance data also constrains the ability of evaluators to calibrate evaluations and, by extension, limits the expansion of evaluation coverage using available resources.

### **5.3.2 Enhancing the supply of skilled evaluators**

Although the number of FTEs employed in the federal evaluation function has risen in recent years, many of the deputy heads consulted in fall 2010 indicated that hiring skilled evaluators is a government-wide challenge because too few are available. Heads of evaluation underscored this as a major challenge.

A lack of skilled evaluators creates an obvious challenge for departments in achieving the coverage requirements of the policy. In addition, it creates a challenge for departments to consistently meet the quality standard for evaluations.

### 5.3.3 Calibrating evaluations to expand evaluation coverage

Deputy heads and heads of evaluation have expressed concerns about meeting coverage requirements in light of limited resources within the government-wide function. The extent to which the function leverages the flexibilities in the *Policy on Evaluation* for calibrating evaluation effort when planning, designing and conducting its evaluations is an ongoing issue because it influences the pace at which departments expand coverage, given available resources. Due to the newness of the policy, departments had little opportunity to exercise these flexibilities in 2009–10 or to discuss the quality of resulting evaluations with users and the CEE and to share successful practices. Finding effective approaches and calibrated designs for achieving cost-effective, quality evaluations that meet the needs of users may take time and the accumulation of experience.

Baseline measures of efficiency of the function can be used to track progress on this front at the government-wide level. In 2009–10, the amount spent on evaluation across the Government of Canada was 0.52 per cent of the combined dollar value of all the programs evaluated.<sup>12</sup> In 2009–10, the dollar value of direct program spending evaluated per FTE in the government-wide evaluation function was almost \$29 million.<sup>13</sup>

It is important to note, however, that these are aggregate measures that should not be applied as benchmarks for resourcing individual evaluations nor for comparing resource levels across departments. Variability in program types, risks, complexities and levels of materiality will have a significant impact on the resourcing of individual evaluations and departmental evaluation units.

### 5.3.4 Emphasizing usage of evaluations

In 2009–10, departments reported using evaluations frequently for Treasury Board submissions and for parliamentary reporting, but based on the experiences of deputy heads, as well as the Secretariat's experiences with the first cycle of Strategic Reviews, the use of evaluations has not reached its potential for informing expenditure decisions and policy development.

A challenge for the function is to ensure that over the next few years, evaluation is used more often and for a broader set of applications.

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12. Total evaluation resources expended over total annual direct program spending evaluated in 2009–10 was \$77,566,017 divided by \$14,924,823,595.

13. \$14,924,823,595 divided by 515 FTEs across the government-wide function, or \$28,980,239 per FTE. It should be noted that the number of FTEs includes evaluators as well as executives leading the departmental functions and administrative support staff.



### **5.3.5 Providing focused Secretariat support and leadership to drive further improvements: Looking ahead to 2010–11**

In 2010–11, departments and the Treasury Board of Canada Secretariat will need to focus on consolidating progress already made by the function and on maintaining momentum to meet the *Policy on Evaluation*'s objectives.

By describing the current state of health of the government-wide function and by identifying needed improvements, this report is intended to give departments indications of where to focus efforts over the coming years. At the same time, the Secretariat is using the report to develop an action plan that will better target its support and leadership for the function as a whole, with an emphasis on the following areas:

- ▶ Promoting improvements in performance measurement to support evaluations and the use of performance information in decision making;
- ▶ Supporting departments with guidance and tools to expand the number of skilled, experienced evaluators and working with partners to expand training opportunities;
- ▶ Promoting the development of innovative approaches to evaluation by helping departments understand and leverage the flexibilities in the policy, i.e., through guidance materials and the sharing of practices across the function;
- ▶ Promoting and communicating expectations for enhanced use of evaluations in decision making; and
- ▶ Raising the profile of the government-wide function through an engagement strategy targeted at senior departmental officials.

In October 2010, the Secretariat launched an interdepartmental advisory committee of assistant deputy ministers to champion advances in results-based management and evaluation within departments and agencies, and to lead to a better integration of performance information in expenditure management decision making. Over the next period, the Secretariat will continue to consult the committee as required on departmental needs for Secretariat guidance or other supports in these areas, and to use the committee to build the profile of the government-wide evaluation function.

## Appendix: Methodology and Data Sources

The primary data sources used to support the preparation of this report are described in this Appendix.

It is important to note that the Treasury Board of Canada Secretariat monitors evaluations that are led by the head of evaluation in the department or agency and that are intended to meet coverage requirements of the *Policy on Evaluation*. In the case of LDAs, these are the evaluations included in departmental evaluation plans approved by the deputy head. Some departments may choose to undertake other evaluations, for example, evaluations led by a program area, that are intended to meet departmental needs but that are not intended to meet the requirements of the *Policy on Evaluation*. These evaluations fall outside the scope of the Secretariat's monitoring and thus are not included in this report.

### Capacity Assessment Survey

The Capacity Assessment Survey (CAS) is an annual survey administered to evaluation units in all departments and agencies that collects information on a fiscal year basis. Data from 2009 and earlier years of the CAS have been used in this report for comparative purposes. Since 2007, this survey has been administered as part of the broader MAF assessment process through which departments are assessed annually on the quality and use of evaluations.

All departments and agencies are asked to complete the CAS; however, some non-response has occurred among small departments and agencies (SDAs) in the years that are reported in this report on the health of the evaluation function. Because the annual survey is administered as part of the MAF assessment process, some SDAs that were not subject to MAF assessment in a given year chose not to complete the survey. Further, in light of the deferral of most of the requirements of the *Policy on Evaluation* as they apply to SDAs, as well as the generalized lower evaluation capacity within SDAs, the expected level of evaluation activity within SDAs is low, and the Secretariat's monitoring of the evaluation function within departments is scaled to match. With the introduction of the annual report on the health of the evaluation function, the Secretariat is taking steps to improve SDA response rates to the 2011 iteration of the CAS, and beyond, without placing undue burden on these organizations.

### Management Accountability Framework assessment of evaluation quality and use

The MAF is a key performance management tool used by the federal government. Its purpose is to support management accountability of deputy heads and improve management practices across departments and agencies. More specifically, the objectives of the MAF are the following:

- ▶ Clarify management expectations for deputy heads and inform ongoing dialogue on management priorities;
- ▶ Provide a comprehensive and integrated perspective on the state of management practices and challenges; and
- ▶ Inform the design of risk-based approaches that provide greater delegation of authority for departments and agencies that have strong management performance.

The MAF summarizes the vision behind various management reforms into 10 high-level management expectations of each deputy head. Additional information about the MAF, including published assessments, is available on the website of the Treasury Board of Canada Secretariat.

The MAF assessment process is performed annually by the Treasury Board of Canada Secretariat and is based on evidence submitted by departments and agencies. All LDAs and a third of small departments and agencies are assessed each year, which represents 55 to 60 departments and agencies annually. Each department and agency is assessed against specific criteria outlined under various areas of management.

One area of management under the MAF is evaluation quality and use. In 2009–10, four lines of evidence were used to assess management performance in this area of management:

- ▶ Quality of evaluation reports—Evaluations consistently address relevance and performance in a sound and credible manner;
- ▶ Neutrality and capacity of the evaluation function (governance and resources)—The evaluation function is adequately resourced and supported by the departmental evaluation committee;
- ▶ Evaluation coverage of the organization’s direct program spending—The organization is moving toward full evaluation coverage of its direct program spending; and
- ▶ Use of evaluation to support decision making—Evaluation findings are used to inform decision making on policy, expenditure management and program improvement.

The most current MAF assessment results used in this report are from 2009 (Round VII), with MAF results from earlier years also included for comparative purposes. Of note, the list of organizations assessed in each year changed somewhat from one year to the next. Also, some LDAs may have provided answers to the CAS but were not subject to MAF assessment for the quality and use area of management. In 2007–08, 31 LDAs were assessed under this area of management; in 2008–09, 32 LDAs were assessed; and in 2009–10, 35 LDAs were assessed. LDAs are effectively defined by exception according to the definition of small departments and agencies (SDAs) under the *Policy on Evaluation*. Under the policy, SDAs are defined as having less than \$300 million in their Annual Reference Level and revenues credited to the Vote.

### Consultation with deputy heads

A consultation was undertaken by the Treasury Board of Canada Secretariat in September and October 2010, involving nine deputy heads of departments and agencies. In these semi-structured conversations led by a consultant, deputy heads shared their thoughts on a variety of topics related to the evaluation function, such as its governance and neutrality, uses for evaluation, the impacts of Expenditure Management System renewal and Strategic Reviews, as well as the *Policy on Evaluation* and the Secretariat's support and leadership of the function.

### Consultation with heads of evaluation

In December 2010, the Centre of Excellence for Evaluation (CEE) moderated a two-hour informal discussion with a group of 10 heads of evaluation or directors of evaluation from a variety of departments and agencies. Participants were asked to provide their perspectives and discuss with their colleagues the main challenges and opportunities for the evaluation function and the key areas of support needed from the Secretariat and the CEE.