

Chapter 20

Finance – Use of Continuous Improvement Processes

1.0 MAIN POINTS

By January 2018, the Ministry of Finance had implemented the intent of all of the recommendations first made in our 2015 audit of processes for co-ordinating the use of Lean across government ministries and certain other agencies (e.g., SaskBuilds, school divisions).¹

Since September 2016, Finance is responsible for providing support and guidance to government ministries and those agencies on continuous improvement processes. Lean is now one of many continuous improvement tools available for their use. Using continuous improvement is part of a larger Planning and Accountability Management System.

This System's objective for using continuous improvement processes is to improve government effectiveness, efficiency, and services by embedding continuous improvement as a business practice across the public service. The Government no longer has an objective of achieving a return on its investment in Lean.

Finance trained ministries and certain other agencies on continuous improvement processes based on assessed needs. Also, the ministries of Education and Advanced Education gave agencies in their sectors timely feedback on their efforts in using and promoting continuous improvement.

Finance has set measures and some targets to enable the assessment of the overall success of the use of continuous improvement in ministries and certain other agencies. It gathered information related to these measures and targets, and used it to assess and report on the overall success in implementing the Planning and Accountability Management System.

2.0 INTRODUCTION

Lean is one of many types of continuous improvement processes. Continuous improvement processes involve analyzing processes to identify areas for improvement, carrying out activities intended to achieve those improvements, and monitoring the impact of changes.

This chapter describes our follow-up of management's actions on the recommendations we made in 2015 about processes for co-ordinating the use of Lean across government ministries (other than the Ministry of Health) and certain other agencies.

Our *2015 Report – Volume 2*, Chapter 33 concluded that for the 12-month period ended August 31, 2015, the co-ordination processes for the use of Lean as a continuous improvement process across government ministries (other than the Ministry of Health) and

¹ These certain other agencies include school divisions, certain post-secondary institutions, Saskatchewan Liquor and Gaming Authority, Water Security Agency, SaskBuilds, and Saskatchewan Crop Insurance Corporation.



certain other agencies were effective, except for the areas reflected in our six recommendations.

Use of Lean Not Mandated After 2016—Approach Changed

In 2015, ministries and certain other agencies, as directed by Government, were using Lean. Its purpose was to have a systematic way to improve service delivery and create a culture of continuous improvement. At that time, Cabinet had appointed a Minister Responsible for the Lean initiative and a Deputy Minister Responsible for the Lean Initiative. A Corporate Projects Group, reporting to the Deputy Minister Responsible for Lean, was responsible for the monitoring and reporting of Lean activities and results.

In September 2016, the Government changed its approach to continuous improvement processes in ministries and certain other agencies. It no longer mandated the use of Lean. Rather, instead of requiring the use of a single continuous learning tool, it focused on having ministries and agencies use a continuous learning process. Government ministries and certain other agencies can use a variety of continuous improvement tools, including Lean.²

Effective September 2016, the Ministry of Finance became responsible for providing support and guidance to government ministries and certain other agencies on continuous improvement processes. Continuous learning is part of the Government's Planning and Accountability Management System. Its Office of Planning, Performance, and Improvement co-ordinates this work.

Also in September 2016, the Government established the Deputy Minister Committee on Performance, Accountability, and Improvement. As described in the Committee's terms of reference, this Committee provides oversight for continuous improvement and innovation of programs, services, and administrative processes across government ministries and certain other agencies. Finance supports this Committee.

Continuing Relevance of 2015 Recommendations and Audit Approach

While the recommendations we made in 2015 were specific to the Lean Initiative, the Office made them with recognition that the overall intent of Lean was to create a culture of continuous improvement and promote the use of continuous improvement processes by government ministries and other agencies.

The Office recognizes the importance of having a culture of continuous learning. Governments need continuous learning so they remain relevant, and provide quality and cost-effective services.

As Finance is supporting and guiding the use of continuous improvement processes, including Lean, as of January 2018, for the most part, the intent of the original recommendations remains relevant.

To conduct this follow-up audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001). To evaluate

² <http://docs.legassembly.sk.ca/legdocs/Legislative%20Committees/PAC/Debates/170921Debates-PAC.pdf> (18 January 2018).

Finance's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Management agreed with the criteria in the original audit.

To perform our follow-up, we discussed actions taken with Finance management and staff. We reviewed Finance's planning documents, internal reports, communications, and training materials. We reviewed meeting minutes and related documents for key committees (e.g., Deputy Minister Committee on Performance, Accountability and Improvement). We discussed and reviewed feedback provided to sector agencies (e.g., school divisions, certain post-secondary institutions) on their continuous improvement projects with key staff at the Ministry of Education and Ministry of Advanced Education.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at January 31, 2018, and Finance's actions up to that date. We found that Finance implemented the intent of all six of the recommendations.

In this section of the report, we use ministries to describe ministries and the other certain agencies.

3.1 Performance Measures and Targets Used To Assess Use of Continuous Improvement Processes

We recommended that those responsible for the Lean initiative set measures to enable assessment of its overall success. (2015 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Intent of Recommendation Implemented

We recommended that those responsible for the Lean initiative set targets for key measures related to the use of Lean. (2015 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Intent of Recommendation Implemented

We recommended that those responsible for the Lean initiative gather information to assess the overall success of the use of Lean. (2015 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Intent of Recommendation Implemented

Finance, through its Office of Planning, Performance, and Improvement, has set key measures, some related targets, and collects information to enable evaluating ministries use of continuous improvement processes.

As reflected in Finance's *Plan for 2017-18* (see **Figure 1**), Finance provides leadership in implementing across ministries the Government's accountability framework—the Planning and Accountability Management System. Use of continuous improvement



processes is one aspect of this system. The objective for using continuous improvement processes, as established by the Deputy Minister Committee on Planning, Accountability, and Improvement, is to improve government effectiveness, efficiency, and services by embedding continuous improvement as a business practice across the public service.

Figure 1 – Relevant Excerpts from Ministry of Finance Plan for 2017-18

Ministry Goal

Support excellence in governance and management and ensure accountability and compliance through our policies, frameworks, reporting and oversight.

Strategy

The Ministry will provide continuing leadership in implementing the Planning and Accountability Management System across government while also improving internal management reporting, policies and processes to enhance decision making and accountability within Finance...

Key Actions

Work with ministries, agencies, boards and Crowns to help understand and meet the requirements of planning, forecasting, budgeting, continuously improving and reporting within the summary entity.

Implement Planning and Accountability Management System recommendations and work with ministries and oversight bodies to provide reinforcement and ensure compliance.

Implement continuous improvement recommendations of the Planning and Accountability Management System, ensuring continued relevance and usefulness.

Source: *Ministry of Finance Plan for 2017-18*, p. 4.

The Office of Planning, Performance, and Improvement leads the implementation of the Planning and Accountability Management System that it developed. It oversees the implementation in ministries of projects to continuously improve planning, improvement, and reporting functions.³

The Planning and Accountability Management System is designed, in part, to have ministries incorporate continuous improvement projects into their overall planning and reporting processes. Incorporating projects into their processes is to help encourage a culture of continuous improvement, and to establish it as an ongoing practice.

In 2017-18, Finance set seven performance measures and three related targets to measure progress on the use of the System. Measures include the extent of use of the System (determined through a periodic survey), and a performance measure based on a progress implementation report which sets out the progress of projects. Targets include having 100% of ministries use the System, and complete 100% of projects within expected budget and deadlines.

Finance gathered information related to these measures and targets.

- During 2017, Finance surveyed ministries. The survey included questions regarding the depth to which ministries have embedded continuous improvement processes.

Finance compared results to survey responses received in 2015 and 2013. It used this information to assess the overall culture change and success of the System, which includes the overall success of the use of continuous improvement processes.

- Finance receives from ministries regular reports on their progress of continuous improvement plans and events (including continuous improvement projects).

³ *Ministry of Finance Plan for 2018-19*, p. 4.

Reports include expected and actual cost savings, and cost avoidance for each continuous improvement project completed. Finance used this information to assess overall success of the use of continuous improvement and to identify where changes were required.

We found that Finance tracked and used this information to evaluate whether continuous improvement initiatives are succeeding and to identify lessons learned.

We found that Finance assessed the overall success of the use of continuous improvement processes across ministries. At January 2018, Finance was working to establish additional targets for performance measures based on 2017-18 results. For example, Finance plans to establish baselines and targets with ministries to measure their progress in embedding the System in their regular business practices.

3.2 Training Needs Met

We recommended that those responsible for the Lean initiative deliver Lean training to meet assessed needs. (2015 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Intent of Recommendation Implemented

Finance provided training on continuous improvement processes based on assessed needs of ministries.

Finance determined training needs based on feedback received during regular discussions with key individuals responsible for continuous improvement. It sought and received feedback from participants after training events. For example, during 2017, based on the feedback received, Finance identified the need for training related to performance measurement and provided this training in January 2018.

3.3 Timely Feedback Provided to Sector Agencies

We recommended that those responsible for the Lean initiative regularly assess the timeliness and quality of feedback provided on Lean plans and events. (2015 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Intent of Recommendation Implemented

Finance encouraged the Ministry of Education and Ministry of Advanced Education to work with the agencies in the education and advanced education sectors on using the Planning and Accountability Management System. This included providing them with feedback on continuous improvement plans and events.

Our 2015 audit found feedback on Lean plans and events was provided timely to ministries and agencies except those agencies in the education and advanced education sectors, which suggested that the lead ministries in these sectors (i.e., Education and Advanced Education) could improve their feedback provided to those agencies.



Since then, Education incorporated continuous improvement into its education sector strategic planning and reporting process. Education meets regularly with a provincial leadership team established for the sector. Each school division provided quarterly reports on continuous improvement projects to Education. Education management reviewed the reports and provided feedback as needed. For example, in August 2017 Education provided feedback to school divisions on how to determine and report cost savings related to continuous improvement projects.

Advanced Education established a sector communication network through its continuous improvement working group. The group shared common improvement priorities and supported the direction of continuous improvement in the sector through discussions on tools, best practices, challenges, and the successful achievement of continuous improvement activities. We found that Advanced Education provided feedback on continuous improvement through these group discussions. Advanced Education also publishes a newsletter designed to help its sector agencies use continuous improvement processes.

3.4 Periodic Reporting to Ministries and Agencies on Results

We recommended that those responsible for the Lean Initiative periodically report to ministries and agencies using Lean, as well as to the public, on the costs of Lean, and on the achievement of the Government's overall goals for its use. (2015 Report – Volume 2; Public Accounts

Committee agreement September 21, 2017)

Status – Intent of Recommendation Implemented; aspect related to reporting costs of Lean is no longer relevant

Since the September 2016 change in approach to using a variety of continuous improvement tools, demonstrating a return on investment in the Lean initiative is no longer part of the Government's objective for using continuous improvement processes.⁴ Also since 2016, ministries do not have dedicated staff for continuous improvement work, or mandatory continuous improvement training and events. For that reason, costs related to continuous improvement are not tracked or separately identifiable. As a result, they are not available to report publicly.

Other than costs, Finance reports to ministries on the results of the use of continuous improvement.⁵

Finance periodically reports to ministries on the overall results of continuous improvement work including challenges, lessons learned, and success stories. For example, such reporting was evident in meeting minutes and presentations to the relevant Deputy Ministers Committee.

⁴ Prior to September 2016, when the use of Lean was mandated, one of the priorities identified for the use of Lean was to demonstrate a return on investment in Lean.

⁵ As described in **Section 3.1**, the objective for using continuous improvement processes is to improve government effectiveness, efficiency, and services by embedding continuous improvement as a business practice across the public service.

In addition, as shown in **Figure 2**, Finance included, in its *2016-17 Annual Report*, key actions and results related to leading the implementation of the Planning and Accountability Management System.

Figure 2—Relevant Excerpts from Ministry of Finance Annual Report for 2016-17

<p>Ministry Goal: Support government decision making with expertise and leadership</p> <p>Key Actions and Results</p> <p>Lead, coordinate and support the continued transformation and implementation of the Planning and Accountability Management System and program review across government.</p> <ul style="list-style-type: none"> ➤ Use of the Government of Saskatchewan’s Accountability Framework, the Planning and Accountability Management System (Framework), began in May 2014. ➤ The Ministry continues to work with a project team from across government to implement the Framework. Most organizations use the Framework to make better informed decisions and connect improvement, planning, budgeting and reporting work. As part of this implementation, in September, 2016, the Corporate Projects Group and the Planning Accountability and Reporting Branch were brought together in a new branch called the Office of Planning, Performance and Improvement. This branch will continue to support the building of knowledge and skills across government to implement the Framework and improve programs and services for the people of Saskatchewan. ➤ Fifty per cent of the work to implement the Framework was completed as of year-end 2016-17. This is part of a five-year set of projects to ensure the Framework is well used and provides value to decision makers. <p>Ministry Goal: Support excellence in governance and ensure accountability and compliance through our policies, frameworks, reporting and oversight</p> <p>Key Actions and Results</p> <p>Review current government reporting to ensure it is relevant and meets both user needs and Government priorities.</p> <ul style="list-style-type: none"> ➤ The Ministry provided guidelines, templates and consultation for continuous improvement and annual plans, measures and annual reports. Continuous improvement opportunities are being pursued within the Planning and Accountability Management System. The performance management portion of the Management System was developed in 2016-17, with the creation of the Office of Planning, Performance and Improvement in September 2016, and is being worked on for improvement in 2017-18.
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Source: *Ministry of Finance Annual Report for 2016-17*, pp. 4, 7.

The Planning and Accountability Management System (government’s accountability framework) expects ministries to report the results of continuous improvement processes in their ongoing established reporting processes (e.g., annual reports). Each ministry, including Finance, reports to the public on the results of continuous improvement projects through their annual reports.

We found ministry annual reports included some information on continuous improvement projects and results, as expected. For example, Advanced Education’s *2016-17 Annual Report* described how a Value Stream Mapping (Lean) exercise led to three proposed improvements to student loan application forms.⁶

⁶ www.publications.gov.sk.ca/documents/15/101634-2016-17AdvancedEducationAnnualReport.pdf (23 March 2018).

