

Under the umbrella

Departments propose to share admin services

by Richard Bray

THE GOVERNMENT OF CANADA is considering taking the next step towards shared services – and millions of dollars in savings – with the proposed Corporate Administrative Shared Services Pilot Implementation Project, or CPIP. Speaking at a conference in Atlanta, Georgia in April, Jim Libbey of the Treasury Board Secretariat said the project builds on years of experience. “We’ve worked a lot with shared systems,” Libbey said. “There is much convincing to do.”

The ‘why’ behind shared services is clearly understood: lower costs, better productivity, and useful information for better management. “It’s a real challenge to take something like the Government of Canada, massive as it is, and think of it as an enterprise but I think we’re getting over that hump and people are more and more starting to understand it as an enterprise,” Libbey said. “That means we need to have information coming into the centre in a more standardized way and we are working on what we call our program activity architecture.”

The difficult part of shared services, especially for government organizations, is ‘how.’

In 1992 there were at least 60 different financial systems running across more than 100 federal departments and agencies. It was decided to reduce the count to seven, with six existing systems making the cut and the seventh system being SAP. “So we ran a heavy-duty procurement, and that competition picked SAP,” Libbey said. By April 1, 2001 every federal department and agency had moved to one of the seven systems.

The technology choice was just the beginning. Clusters of departments formed around the systems; each cluster is managed by committees of assistant deputy ministers responsible for the finance function. “That group is supported by the next level of governance called a management board. It’s director general level,” Libbey explained.

Fifteen major departments use SAP, and 10 other departments and agencies share one of those systems. The Canadian Food Inspection Agency (CFIA), for example, works with Agriculture and Agri-food Canada.

The CFIA is proud of the fact that since 1997-98 it has had nine successive ‘clean opinions’ on its audited financial statements from the Auditor General for Canada. “The key to making shared systems work,” said Gord White, CFIA vice president of Finance, is “ruthless standardization. We use the concept of a benevolent dictator – that seems to be me these days – where standardization is the bottom line. You cannot back off standardization. There are very few compelling arguments where you need to have customization so standardization is the rule.”

In January, deputy ministers from five major departments agreed in principle to move ahead with the proposed CPIP and operate their administrative systems under a shared model. Jim Libbey believes that is testimony to their confidence in the proposed pilot program.

“If you are a deputy minister responsible for the administration of a huge department or agency, or even a small one and we’re telling you, ‘Guys, we have a new idea for you; we’re going to provide your administrative services. You don’t need to do any of that any more and they’re going to be better and cost

less,’ the deputy says, ‘Good, you’re taking that accountability away from me, I really appreciate that.’ Wrong. You’re still fully accountable, Mr. Deputy. That’s very clear; the deputy has to run the department.” In fact, Libbey pointed out, the new *Federal Accountability Act* makes deputies’ responsibilities and accountability before parliamentary committees even more explicit.

The business case for shared services includes reduced costs, and departments naturally want a fair arrangement for their reallocation. Because they are taking risk, they expect some reward. “I can tell you that that is a very difficult thing to put in place with the kinds of guarantees that folks would want behind it, in part because of the way we appropriate resources. We appropriate in a general sense annually, and we have a three year project so that is one of the complicating factors,” Libbey said.

As well, the federal chief information officer has financial guidelines that govern large IT projects so there are administrative barriers to leap on the way to shared services. “We get a preliminary project approval and later on an effective project approval,” Libbey said, “so we need to figure out how we are going to get over all of these hurdles and that fair financing arrangements remain in place.”

A detailed charter describing good governance accompanies the CPIP proposal but as Libbey points out, partnership and trust can be harder to capture. “It is very interesting in our case to sit in the ADM meetings where the folks all around the table are actually going to be buying this service and see if they are actually looking one another, their partners, in the eye and saying, ‘yes, we are ready to go together, we understand one another, we are confident we each understand what it is we are getting into and we are ready to go.’”

If approved, the CPIP will be the proving ground for a full government model of shared services. Success here is a big step towards more efficient, cost-effective government. *///*

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