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# Opportunities for Leadership

Notes for Remarks  
to the  
Financial Management Community in CSC  
by  
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## ***Introduction***

- Thank you for those very kind words. I'm delighted to be here with you today.
- This is a timely meeting, as I'm sure you all know. Some of you will have been involved in the analytical work on CSC's contribution to the Deficit Reduction Action Plan. Over the coming months all of you will be dealing with the resulting decisions.
- I'll start by saying that there hasn't been a more challenging time for financial managers in government in at least 15 years, maybe more. And that's not going to change – your work, and your role in CSC, will be ever more important in future.
- During my time in Ottawa, I've had the pleasure of working closely with many senior managers from CSC – from Ole Ingstrup through all his successors right up to Don Head, and with many others as well. Among other things, I led the 1995 Sentencing and Corrections Review, which was where I made many lasting friends in CSC. And I've done work for you as a consultant.
- I know how important and how difficult the work of this organization is. I know about the challenges inside correctional facilities, and in managing programs of conditional release. I know there is probably no government department (except perhaps Justice or Finance) where so many people have professional qualifications in a single field and a deep professional commitment to a career in a single organization.
- Now, *you're* all professionals in CSC, but you're a different kind of professional – not in corrections but in finance, planning, systems and audit. Like your line colleagues, the criminologists and psychologists, the wardens and deputy wardens, the corrections and parole officers, your professionalism and your leadership will be tested in the coming years.
- That's what I want to talk about today. I want to talk about the opportunities that lie before all of you to play a leadership role in this large and complex organization. And I want to talk about the qualities and skills that I think are essential to leadership from the financial management community.

## ***CSC Today***

- Let's talk for a minute about the Correctional Service of Canada.
- You don't need me to tell you that these are challenging times.
- Your business is growing:
  - there is a growing offender and inmate population
  - your budget has increased from \$1.7 billion in 2006 to nearly \$3 billion by 2011-12
  - and your staff complement will increase from 16,000 to over 20,000 employees over the same period.
- The offender profile is changing:

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- there are more violent offenders
  - more problems with drug addiction and mental illness
  - a prison population in which Aboriginals are way over-represented
  - and a growing presence of gangs inside the institutions.
  - There have been significant changes to the statutory regime for corrections and conditional release:
    - The *Tackling Violent Crime Act (C-2)* is projected to increase the federal offender population by nearly 400 by 2014, and the *Truth in Sentencing Act (C-25)* will add another 300 offenders by March 31, 2013
  - We have a new majority Government with a forceful agenda in the criminal justice area. A good deal of what this Government wants to do, or has already committed to doing, will have an impact on CSC and therefore on you as financial managers.
  - Notwithstanding CSC's central place in the Government's agenda, you're facing high expectations from Ministers for savings and cost reductions, at the same time as you're being expected to do more.
  - You're facing high expectations from a society that too often doesn't understand the criminal justice system, and certainly doesn't understand the place of corrections and conditional release in that system.
  - There is ever greater scrutiny from the press, from Parliament and from Canadians. When things go wrong, as inevitably they do, the spotlight falls immediately on your institution, your warden, your management team.
  - And no matter how generous the Government has been, you'll never have enough money to do the job.
    - I think we all know that coping with the expected increase in offender populations is going to require more institutions, an expansion of existing facilities, and more program staff.
    - This will take time and I would be very surprised if there's enough money to meet the actual need. That will mean more double bunking and a more difficult environment for everyone.
  - And that's just the program side!
  - Your responsibilities in terms of financial management, financial planning, control, audit, risk assessment and risk mitigation are all multiplying at a corresponding rate.
  - You've been coping with the freeze on operating budgets; carrying responsibility for paying out liabilities like severance and the management of contract settlements within existing funding levels.
  - Senior management needs more from you. And senior management *expects* more of you, as does the Comptroller General and the Treasury Board. (They always want more.) They need better information to make difficult decisions. And they need assurance that resources are being well spent and producing expected results.

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- I don't think there's been a time when the expectations placed on financial managers have been higher.

## **Looking Back**

- A decade seems like a long time when it's ahead of you. Looking back, it seems like yesterday that we were going through the first Strategic Review, but in fact it was more than 15 years ago, and I would guess that most of you weren't around for that. Certainly you weren't working at your current levels of responsibility.
- At that time, the Strategic Review process was largely driven from the top: the Government of the day took major decisions on transfers to the provinces, and there was a dramatic downsizing of the Public Service that included large-scale shifts of personnel from the federal government to some provincial governments. The Public Service shrank from about 240,000 people to about 190,000 over about three years.
- For managers, it seemed that Strategic Review was mostly about cuts in budgets and managing changes in the workforce to meet an overriding fiscal imperative. The goal was a smaller payroll, and that goal was met.
- Unfortunately, though perhaps inevitably, the Public Service grew again over the intervening years to a current total of 282,000 employees. That's an increase of nearly 50% in less than 15 years!
- Some of that growth can be accounted for by program changes resulting from 9/11. But a lot of it was simply a failure to control budgets.
- Today, though, strategic review is different. Let me explain why.

## ***What's Different about Today***

- I think that when we look back after we're all retired, we'll see this as a time of significant transition in the Public Service. Although the Government has a clear fiscal target -- \$4 billion in savings over three years -- the current review exercise is driven fundamentally by a determination to change the role and size of government, and by the recognition that the old ways won't work any more.
- Ministers are right about that.
- We're going to see profound changes in how departments work; where they turn for internal services (witness the new Shared Services Canada); and how they select, equip and manage individual public servants to do their jobs -- be they correctional officers, clerks, or auditors.
- We'll see changes in how governments deal with citizens, notably through a strong move to web-based service delivery and a more horizontally-integrated physical presence across Canada.
- We will see increasing cooperation with provincial and local authorities, both in program design and program delivery.
- And we will see increasing cooperation with other countries -- look at the government's North American border security initiative as just one example.

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## ***What does this mean for you?***

- What does all this mean for you as Financial Officers in CSC today and tomorrow? What does it mean for you as leaders in this organization?
- For starters, it means that the train is moving and you need to get on board. You need to see yourself as an agent of positive change.
- The people who work for you need to see you as someone who is part of the future – someone who is helping them to navigate in a new environment rather than trying to protect the status quo.
- Don't forget, you're managing a different workforce – since 1997, more than 100,000 new people have joined the Public Service of Canada. I'm sure you see evidence of that here in CSC.
- Employees have different expectations today. They want the chance to contribute right away; they want responsibility; they want an opportunity to succeed or to fail, and they expect to move up quickly (an expectation that may become increasingly hard to meet as government shrinks.)
- You will have to manage and motivate a workforce that will be higher-skilled and more demanding. You will have to get the best out of everyone because you won't be able to manage around your problem cases.

## ***What Your Staff Need from You***

- What are your staff looking for in these challenging times?
- The first thing they're looking for, especially given the uncertainties created by the previous Strategic Review and the current Deficit Reduction Action Plan, is stability.
- They want managers who they can count on to keep the ship moving ahead. If they are to change course, they want a firm hand on the tiller.
- And all of you, managers and officers alike, have a responsibility to ensure that skills are solid within the workforce and individually before people move up to the next promotional level.
- The need for stability in institutions like yours is primordial – we all have the same need to feel secure, especially when the environment is uncertain and unpredictable.
- But what people really want in tough times is *leadership*.
- They're looking for courage. Your staff need to see that their boss will stand up for them and for their program. They need to see that it's possible to give honest, professional advice, notwithstanding inevitable pressures to tailor the advice to particular needs.
- They want to know that in you they have a voice that speaks clearly to senior management, whether we're talking senior management in the region, or senior management in CSC.

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## ***What Management Needs from You***

- In this difficult environment, what is senior management looking for?
- First and foremost, your senior managers, both at national headquarters and in the regions, are looking for people they can count on. People who deliver results.
- They want people who know their business and can deliver the critical back-office functions – financial planning and financial management, audit, evaluation -- that line managers tend to take for granted, but that the Commissioner, Assistant Commissioners and Regional Deputy Commissioners know are essential to the success of this institution.
- They want people who can contribute to a creative, strategic agenda for CSC and for each region.
- And they're looking for people who are thinking ahead – people who can address new problems and new obligations in new ways – managers who pick up the ball and run with it. And employees who can identify new ways to work that create efficiencies.
- This is not a time to stay the same!
- Let me give you an example – the changing role of the CFO.
- I don't know if any of you have ever met Charles-Antoine St-Jean, the former Comptroller General, now gone back to Ernst & Young. He deserves credit for much of the major innovation in financial management, audit and internal control that we've seen over the past five years.
- He's the guy who pushed for the introduction of departmental audit committees, despite considerable resistance from deputies and from sceptics like me.
- But he was right. And I can tell you, as the chair of one DAC and a member of another, this innovation works. It's made a huge difference in how departments deal with issues across the spectrum of controllership.
- Charles-Antoine also defined the new role of the chief financial officer. His idea, again greeted with much scepticism by people like me, was that, just like in the private sector, the CFO ought to be the right hand of the deputy. We thought that would never happen.
- Do you know what? Five years later it looks like he was right again. There is nothing more important to a department today, especially a large line department like yours, than a good CFO. Ask any senior manager.
- And deputies are expecting more from their CFO all the time. They want advice and they want judgment – on program initiatives, on risks and risk mitigation, on control, and on ways to do things better and cheaper.
- If you have what it takes to be a CFO, your future is assured.

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## ***What is required of the senior FI today?***

- So what is required of the senior FI today? The simple answer is "a whole lot". But it's not hard to come up with the details:
- The first thing is, a high standard of competency:
  - in every area of financial management
  - in internal audit
- The second thing is what I can only call 'high output':
  - in times of high stress for the organization (like SOR), your workload increases all the more
  - one of your tasks as a manager and leader, is to help your staff be productive without burning them out
- Your bosses look for timely, useful advice:
  - as Paul Tellier would say, they need you to simplify, not 'complexify'
  - and they need a clear bottom line – they need advice that helps them move in one direction or the other
- And they want you to play an active role, not a passive one. They want you to help to find solutions, not just keep the books.

## ***What are your leadership tools today?***

- If you're going to meet these expectations, you need an agenda. And driving that agenda requires energy, vision, and excellent communication skills
- You need patience and forbearance – a thick skin. Because things always go wrong.
  - Control is never perfect.
  - Systems are never as good as they should be.
  - And line managers are never as good at fulfilling their responsibilities and financial management as we would like.
- You know there is a lot to be done, everywhere, to:
  - Strengthen financial planning, management and control
  - Implement and use new financial information systems
  - Get financial information to decision-makers
  - And make proper systems of internal control an essential tool for management.
- If there ever was a time for FIs in government, and in CSC, this is it.

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## Thinking at the Enterprise Level

- Ultimately, if you're going to succeed as financial managers, you need to think on an enterprise-wide basis. Remember, in your jobs you serve the whole agency, not just a warden or an Assistant Commissioner. And as professionals working under the professional leadership of the Comptroller General, you share a concern for the quality and integrity of financial management, in its broadest sense, across government.
- Your enterprise-wide perspective should foster more effective collaboration, better issue definition, and more cross-portfolio solutions to resourcing and performance reporting.
- Are you doing this? My sense is that on the financial management side, many of you are. The various steps taken by the OCG to foster a more government-wide perspective and wider sense of professional duty within the financial management community seem to me to be working very well. And everywhere I go, I see Financial Officers, like you, who see themselves as part of the solution.
- Where I'm less certain is with respect to other dimensions of departmental management – especially contracting and human resources management.
- Remember that the Office of the Auditor General has long taken an enterprise-wide approach to its audit work. They have been pioneers in looking at issues, risks and performance on an enterprise-wide basis.
- Where parochialism is the strongest, in my experience, is in the area of program management and line operations generally. People who have designed and who operate traditional programs are often reluctant to participate in new ways of defining problems and managing issues.
- Their identification with traditional ways of managing is often stronger than that of policy people or those who do financial management.
- It's up to you to set an example.
- As financial managers in CSC, you have an important role to play in creating and managing the enterprise-wide systems that will characterize government in the 21<sup>st</sup> century. And you have an equally important role in helping line managers – whether in the institutions or here at headquarters -- deliver the results for which they are accountable.
- Your opportunities for leadership, for making a contribution to this organization and to government, have never been greater. Now you have a chance to talk about how to make this work in your region. As you head off into your breakout groups, I'd like you to think about five things:
  1. The specific challenges you face as FIs in your region today;
  2. What financial leadership means, in practical terms, in your workplace;

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3. What you see as the biggest opportunities for leadership in your region;
  4. What you see as the biggest obstacles to leadership from the financial community in your part of CSC; and
  5. What needs to be done to overcome them.
- So there it is – challenges, leadership, opportunities obstacles and solutions.
  - We'll see you back here at 3:20.