



Treasury Board of Canada
Secretariat

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Canada 

Costing in the Government of Canada

Roger Ermuth

Assistant Comptroller General

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Purpose and Outline

PURPOSE

To provide insight on the direction of costing in the Government of Canada (GC).

OUTLINE

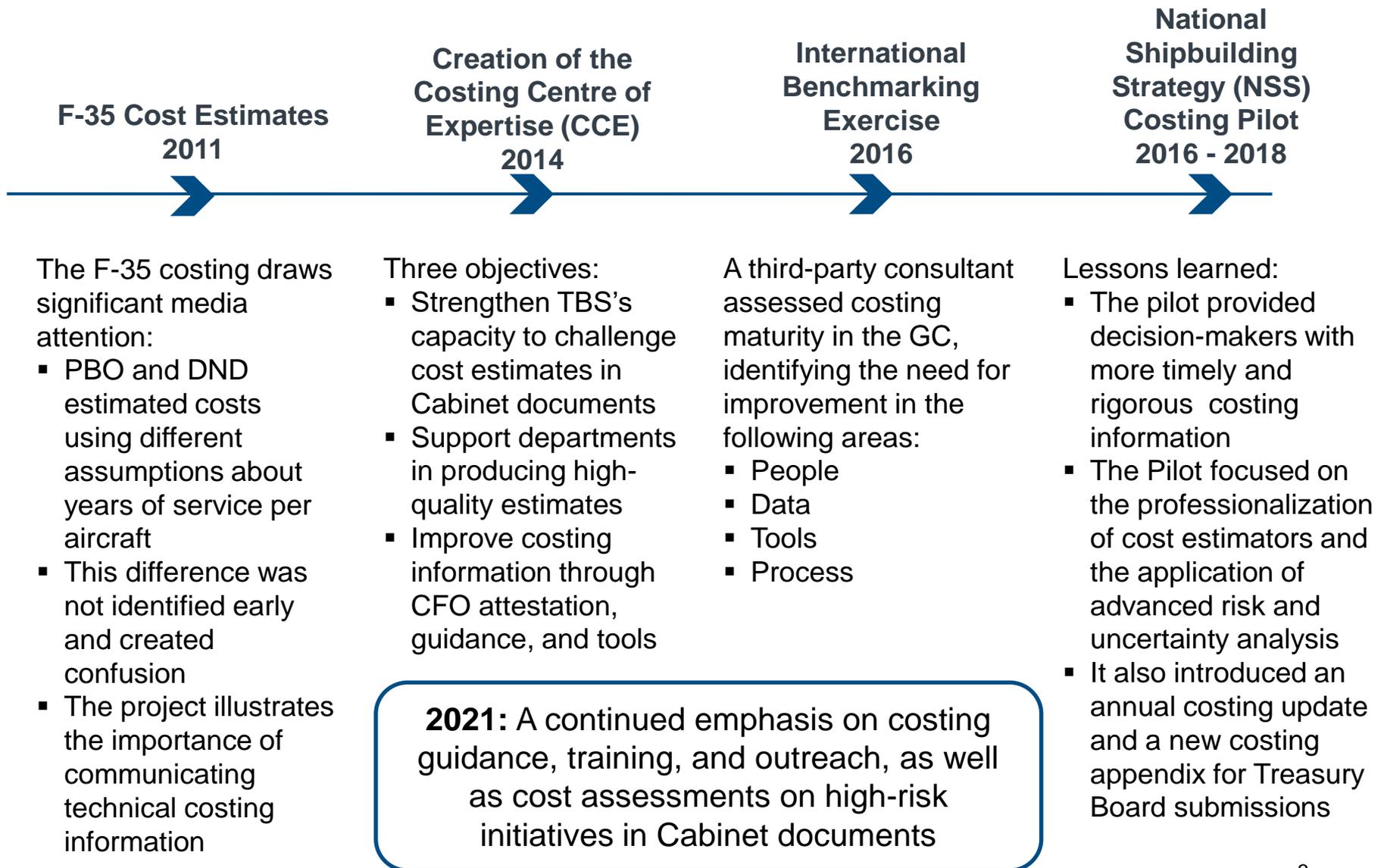
Context

Costing Guidance, Training, and Outreach (GTO)

Cost Assessment Operations (CAO)

Conclusion

Context: Evolution of Costing in the GC



Context: Achieving Results Through Costing

The Costing Value Proposition

People
Data
Tools

Government of
Canada costing
process

Credible costing
information

Realistic budgets
and sound
contingency
management

Stronger delivery
of results

Credible costing information plays an important role in enabling the GC to successfully achieve results.

The TBS CCE works with departments and agencies across government to strengthen costing capacity. These efforts are reflected in:

- ✓ a suite of guidance that explains how to produce credible costing information
- ✓ a training system that meets the general and specific costing needs in the GC
- ✓ a costing community that is known and integrated, within and beyond the GC

GTO: Costing Guidance

| For Generalists | For Practitioners | For Specialists |
|---|---|---|
| <p>There is a single reference in the GC that outlines the process to produce credible costing information.</p> <p>This foundational costing guidance is currently provided in the TBS <i>Guide to Cost Estimating</i>.</p> <p><i>In FY 20-21, a working group and work plan were established to strengthen the guide (better capture broad costing spectrum and evolving international practices).</i></p> | <p>Costing practitioners are supported by supplementary guidance documents that build on the guide and provide direction on specific costing topics.</p> <p><i>The Basics</i> is a series of costing guidance documents that are currently being developed and posted to GCpedia.</p> | <p>Costing specialists who work in niche or complex areas are supported with additional advanced and/or technical costing guidance.</p> <p><i>Beyond the Basics</i> is a series of costing guidance documents that will be developed for targeted audiences, such as IM/IT cost estimation.</p> |

A suite of costing guidance that explains how to produce credible costing information.

GTO: Specifics on Costing Guidance

| For Generalists | For Practitioners | For Specialists |
|---|--|---|
| <p>Foundational costing guidance is supplied by the <i>TBS Guide to Cost Estimating</i>.</p> <p>In FY 20-21, a working group and work plan were established to strengthen the guide (better capture the broad costing spectrum and evolving international practices).</p> <p>Planned: FY 21-22</p> <ul style="list-style-type: none"> □ <i>New Guide to Costing</i> | <p>Supplementary costing guidance (<i>The Basics</i>) builds upon the foundation in the guide.</p> <p>Complete</p> <ul style="list-style-type: none"> ✓ Documentation ✓ Inflation ✓ Cost Breakdown Structures <p>Ongoing: FY 20-21</p> <ul style="list-style-type: none"> □ Costing Data □ Activity Based Costing (TBD) <p>Planned: FY 21-22</p> <ul style="list-style-type: none"> □ Ground Rules and Assumptions □ Quality Assurance and Validation □ Risk and Uncertainty Analysis | <p>Supplementary costing guidance (<i>Beyond the Basics</i>) addresses advanced or niche topics.</p> <p>Complete</p> <ul style="list-style-type: none"> ✓ Costing Information Annex <p>Planned: FY 21-22 and Beyond</p> <ul style="list-style-type: none"> □ Earned Value Management □ Advanced Risk and Uncertainty Analysis □ IM/IT Cost Estimating □ Infrastructure |

A suite of costing guidance that explains how to produce credible costing information.

GTO: Costing Training

| Departmental Training | GC Training | Professional Organization Training |
|---|--|---|
| <p>Departments and agencies have the internal tools and processes necessary to meet GC costing requirements.</p> <p>This training is developed internally by departments and agencies to support internal costing processes, such as standardized costing models and cost report templates.</p> | <p>TBS, in collaboration with the Canada School of Public Service, provides training that supports a consistent understanding and application of costing in the GC.</p> <p>This training teaches foundational costing topics to generalists and practitioners in the GC.</p> | <p>Professional organizations offer training that meets the specific costing needs of departments and agencies.</p> <p>This training is offered by a variety of organizations (universities, accreditation bodies, consultants, etc.) and can be tailored to the costing needs of the GC.</p> |

An effective training system for the general and specific costing needs in the GC.

GTO: Costing Outreach

| Costing Community | GC Community | International Community |
|---|--|---|
| <p>A Costing Community of Practice supports costing practitioners throughout the GC.</p> <p>GCpedia is used to connect costing practitioners across the GC and to provide a one-stop-shop for GC costing.</p> | <p>Costing practitioners and costing best practices are integrated into the broader GC community.</p> <p>Costing practitioners spread their knowledge throughout the GC in support of credible costing information for decision-makers. This knowledge is implemented as best practices, and lessons learned in interdependent governmental communities are embedded into costing practices and tools.</p> | <p>The GC costing community profits from the experiences of the international costing community.</p> <p>Costing practitioners and specialists contribute internationally by engaging with professional communities, participating in conferences and workshops, and collaborating with other governments.</p> |

A costing community that is known and integrated, within and beyond the GC.

CAO: TBS Expectations

Cost assessment operations support the delivery of results by ensuring the communication of the credibility of the costing to decision-makers in Cabinet documents in the GC

- Assesses the rigor of the process that was followed in the development of the costing information (emphasizing the elements below)
- Ensures the transparent disclosure of financial risk and uncertainty



Essential Characteristics

The common set of characteristics which all estimates should have



Data

The quality of data and assumptions used to develop a cost estimate



Quality Assurance and Validation

The efforts made to ensure that the cost estimate is error-free and reasonable



Planning

The level of stakeholder engagement and the maturity of the project or program specifications



Risk and Uncertainty

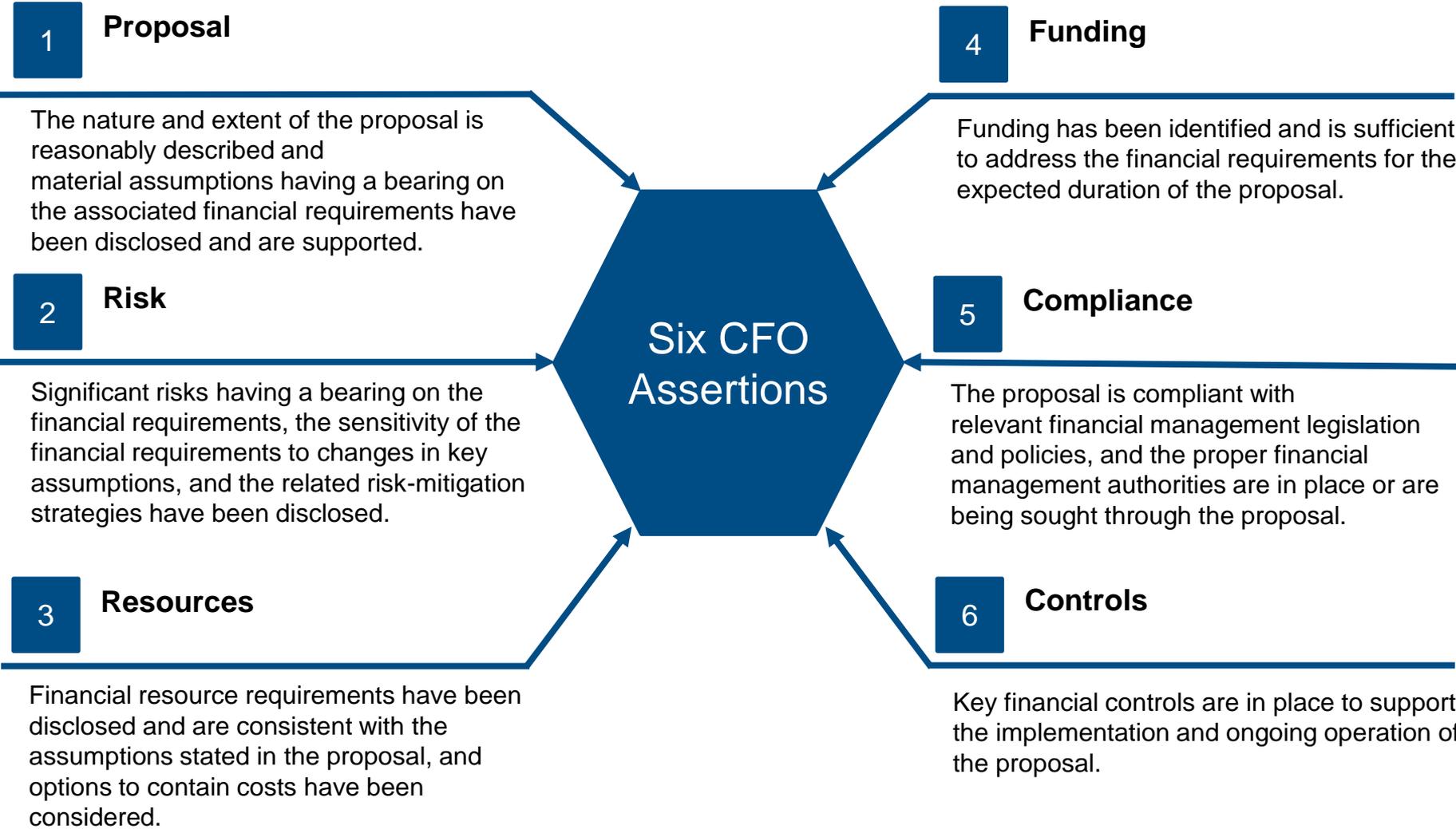
The analysis undertaken to identify uncertainty and risk in the estimate



Documentation

The documents describing and supporting the cost estimate

CAO: CFO Attestation



Conclusion: “In my opinion, the financial information contained in this proposal is sufficient overall to support decision making”

Ongoing Challenges

- As the costing capacity (data, tools, people, process) of the GC grows, the alignment with international best practices is strengthened, and ultimately, the GC is better positioned to deliver results

- Several challenges still exist:
 - Greater use of data: long term data strategies will need to be strengthened so departments have access to data that support costing. Additional data sources, such as the data produced through earned value management, must be utilized.
 - Quantification of risk and uncertainty: sophisticated techniques require an advanced understanding of mathematical techniques to support the quantification of risk and uncertainty in complex initiatives.
 - Continued development of costing expertise in unique domains: the breadth of costing activities in the government makes a one-size-fits-all approach to costing challenging. Unique domains, such as IM/IT, require specialized expertise.
 - Communication: costing information needs to be clearly communicated to a broad range of audiences, including senior decision-makers with limited time.

Further Information



CCE-CEEC@tbs-sct.gc.ca



Costing Community of Practice (CCoP)