



CCAF-FCVI<sup>INC</sup>

**COLLABORATING TO CREATE RECOMMENDATIONS  
WITH A LASTING IMPACT**



**Auditor General of Canada  
Vérificateur général du Canada**

# SESSION OUTLINE

---

- The foundations of good recommendations
- Leading processes and practices in the field of audit of potential use in other fields
- The example of water policy and management
- Creating a domino effect in successive reviews

# RECOMMENDATIONS “101”

---

- Play a crucial role in the impact that can come from analysis and findings
- Are used commonly in reviews, audits, evaluations, consulting reports, strategies and options papers because they:
  - Communicate the analyst’s insights about what can and should be done as a result of the analysis
  - Force reaction by the recipient on what, if anything, will be done
- The recommendations section of a report often gets the most attention!

# WEAKER RECOMMENDATIONS...

---

- State the obvious
- Tell the entity to :
  - “fix the problem”
  - “finish what you started” or
  - “fulfill your mandate”
- Focus on symptoms, not root causes
- Create only a temporary or insignificant impact



# WELL DESIGNED RECOMMENDATIONS...

---

- Results-oriented (focused on *what* to achieve not *how* to achieve it)
- Specific and clear enough to allow for monitoring progress
- Strategic, not just operational, in scope
- Practical, such that an entity can implement them in a reasonable timeframe
- Informed by root cause analysis

An iceberg floating in the ocean. The tip of the iceberg is visible above the water line, while the much larger, more complex structure is submerged below. The sky is blue with scattered white clouds. The water is a deep blue.

# **Better Integrating Root Cause Analysis into Legislative Performance Auditing**

**A Discussion Paper**

# COMMON AUDIT FINDINGS

- Rules and policies **not** complied with
- Results **not** achieved
- Risks **not** managed
- Strategies **not** followed
- Actions **not** coordinated
- Roles **not** clear
- Decisions **not** supported
- Oversight **not** in place

# THE BURNING QUESTION: WHY?

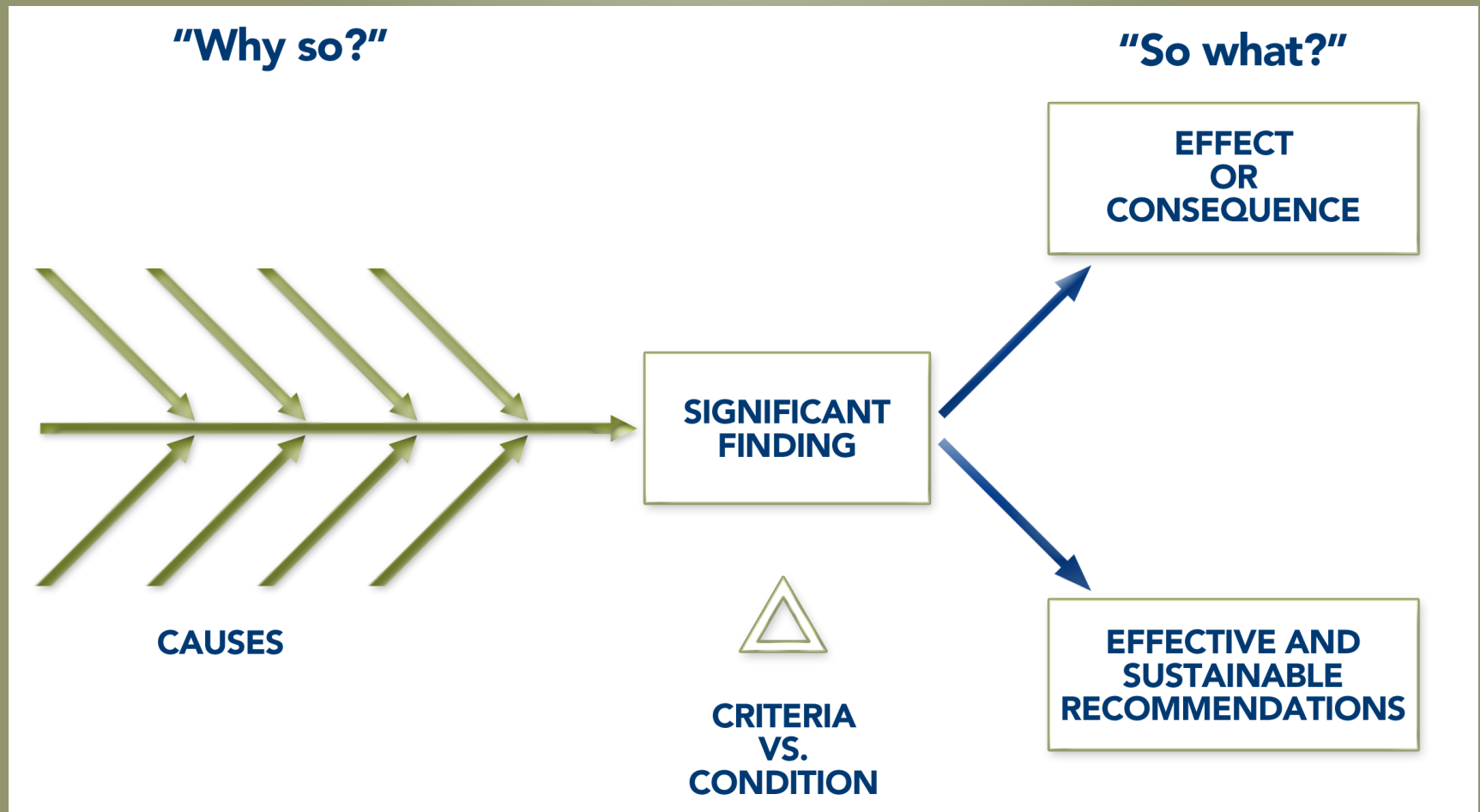
- *Why* are entities not in compliance?
- *Why* are intended results not achieved?
- *Why* are risks not managed?
- *Why* are strategies not followed?
- *Why* isn't oversight occurring?
- Go deeper: Ask the Why below the Why
- **Analyzing the underlying causes of observed audit deficiencies helps to delve down below the surface, beyond the symptom, to answer these *Why* questions**

# ROOT CAUSE ANALYSIS

---

- Can **significantly** increase the impact of reviews by...
  - Providing insight and explanation for findings
  - Informing recommendations that address the cause of deficiencies, thereby leading to lasting solutions

# "WHY SO?" AND "SO WHAT?"



# THE CCAF DISCUSSION PAPER

- Designed to assist legislative performance auditors to integrate root cause analysis into the audit engagement. The Discussion Paper addresses...
- *When* it can be carried out
  - “Additional activities” that can be integrated into the typical performance audit process.
- *How* it can be carried out
  - Questioning technique (The “Five Whys”)
  - Categories of root causes tailored to a public service environment
  - Tools to visualize or document the analyses (Fish-Bone Diagrams).

# MAIN CATEGORIES OF ROOT CAUSES

## ➤ Governance Related

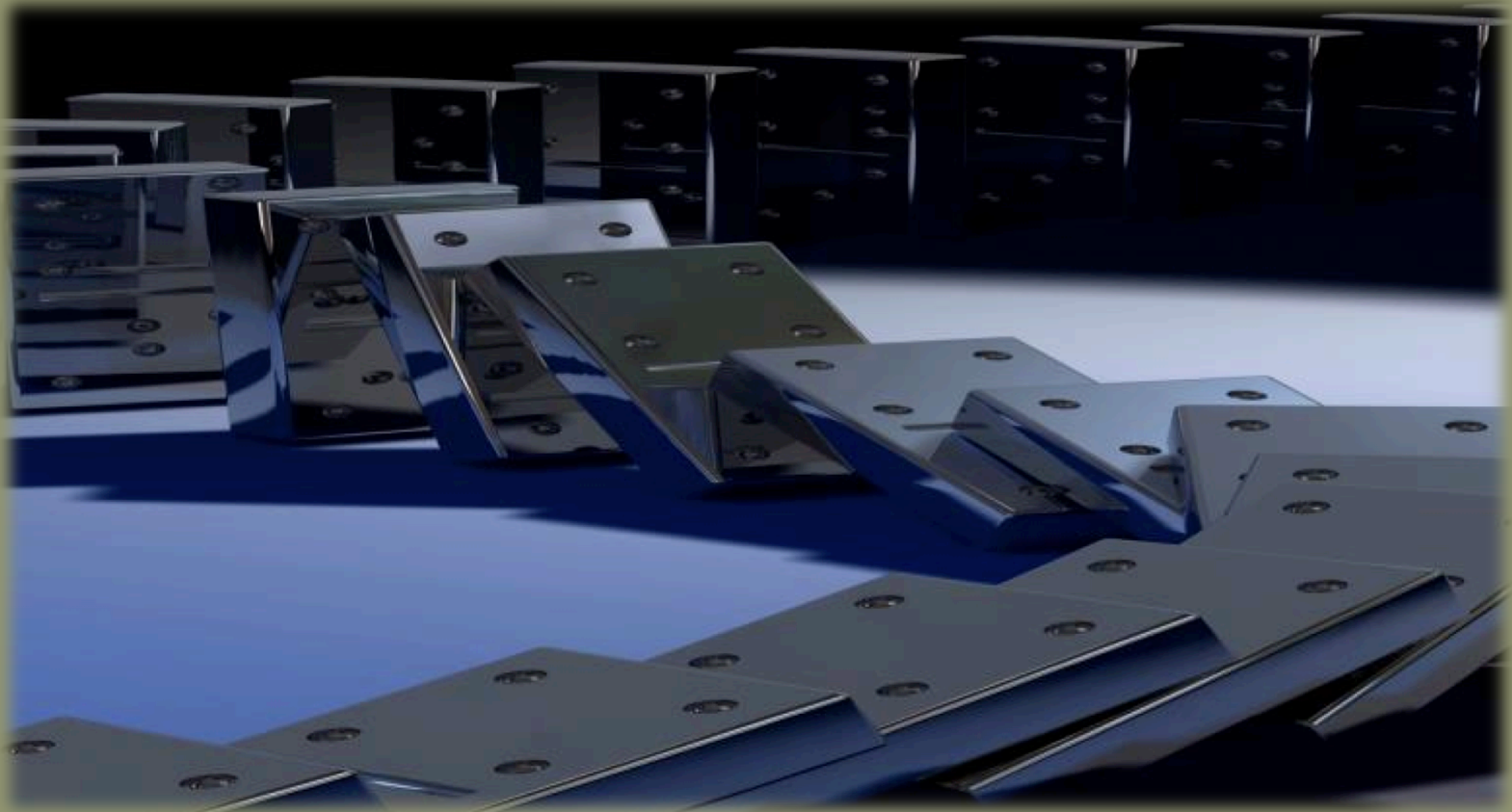
- Authority
- Process and Planning
- Oversight and Performance Reporting

## ➤ Operations Related

- People
- Assets
- Delivery



# THE DOMINO EFFECT



# CONTINUUM OF RECOMMENDATIONS



# WHAT IS THE “DOMINO EFFECT”?

- The “falling domino” principle
  - *“You have a row of dominoes set up, you knock over the first one, and what will happen to the last one is the certainty that it will go over very quickly.” (Dwight D Eisenhower 1954)*
- “a series of similar or related events occurring as a direct and inevitable result of one initial event” (Collins Dictionary)
- “a cumulative effect where one event initiates a succession of similar events” (Merriam Webster Dictionary)

# RECOMMENDATIONS WITH A “DOMINO EFFECT”

- Go beyond the immediate finding or deficiency to create an effect, change or improvement that is deeper and longer-lasting
- May also create a broader impact on
  - other parts of the practice or system used to manage the issue at hand
  - related practices or systems in the same organization
  - practices or systems in other organizations
  - other related government policies
  - the economy or in society at large.
- Are scalable, based on geography, players, time, scope

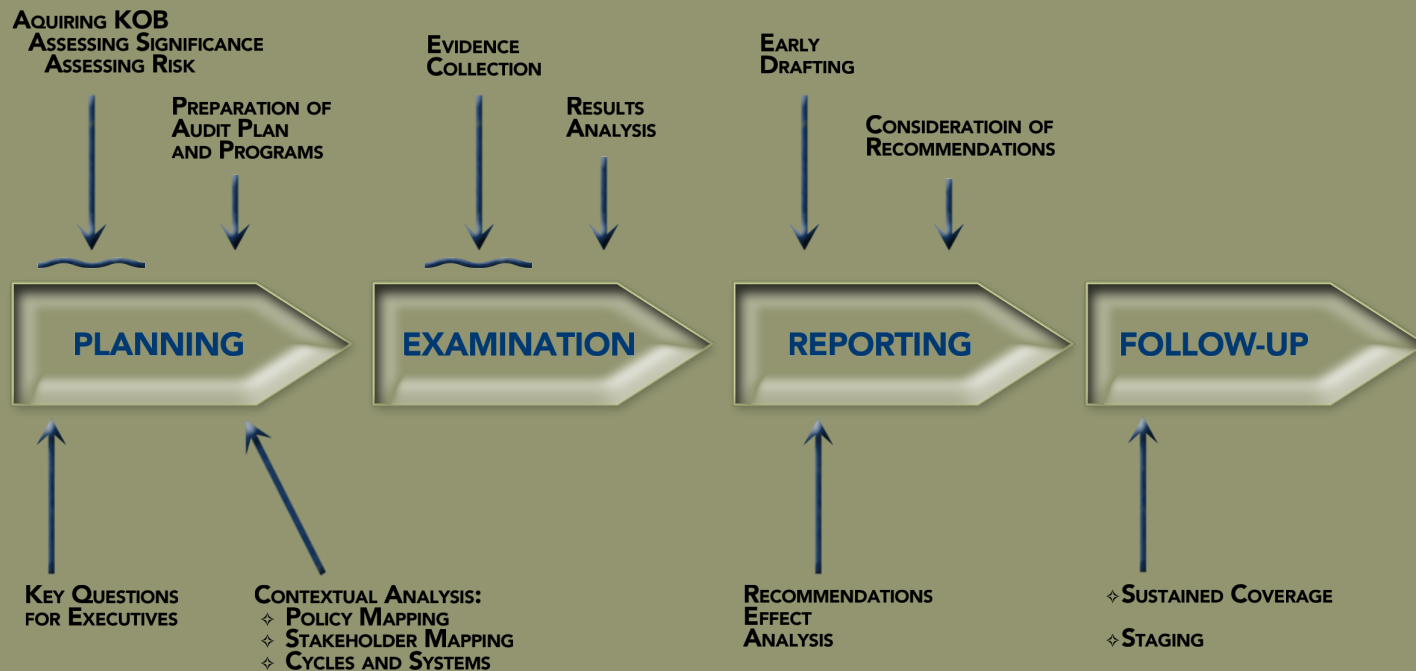
# THE DOMINO EFFECT “MINDSET”

---

- Achieving recommendations with a domino effect involves applying a “mindset” in all phases of the analysis
- Consultation – from the beginning to the end – is key
  - Organizations reviewed
  - Stakeholders
  - Experts

# PROCESS SUGGESTIONS

## CURRENT PRACTICE



## PROPOSED ADDITIONAL ACTIVITIES

# THE PLANNING PHASE

---

- Position the topic in a broader context
- Engage senior managers early
- Undertake “**contextual analysis**” of the subject matter
  - Policy Mapping
  - Stakeholder Mapping
  - Cycles and Systems

# EARLY ENGAGEMENT OF SENIOR MANAGERS

- Have frequent discussions to shape thinking.
- Consider bringing in other knowledgeable people.
- Discuss with senior managers:
  - constraints hindering progress and what would need to change to remove these
  - other concurrent reviews or events, which present the opportunity to combine impacts
  - the interests and agendas of influential internal and external players
- Discuss possible recommendations during the planning phase. Ask what recommendations to avoid!



# POLICY MAPPING – WHAT

- A technique that enables strategic decision-making in complex policy environments
- Provides a documented (and sometimes visual) assessment of the policy and legislative framework or landscape
- Informs a “roadmap” with options and recommendations by
  - Creating an image of the problem’s landscape (players, authorities, missions)
  - Analysing links and relationships
  - Identifying areas of “friction” (conflicts, overlaps and settled areas)

# POLICY MAPPING – HOW

---

- Identify the primary and related “policies” which can include legislation, international treaties, and formal government-wide and departmental policies
- Identify the respective lead organizations (and their related roles)
- Delineate the linkages and relationships between the policies and the lead organizations
- Identify areas of “friction” (contradictions between policies) or “unintended” effects

# STAKEHOLDER MAPPING – WHAT

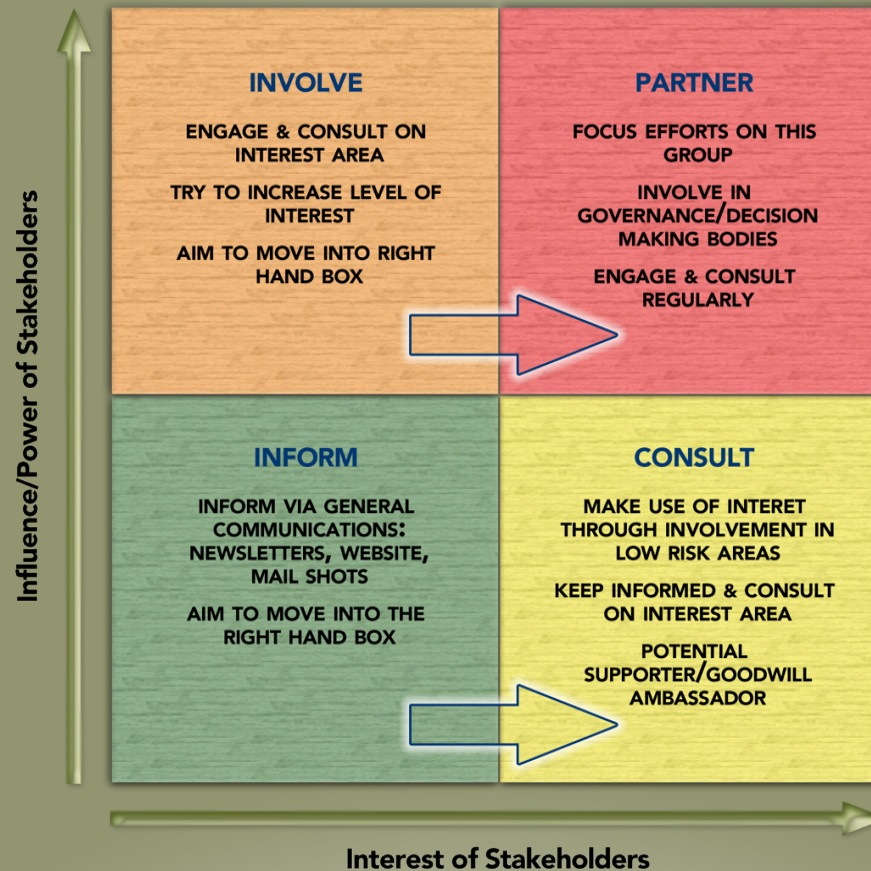
- A technique that identifies individuals or groups that are likely to be impacted by a proposed recommendation
- Builds on information identified in policy mapping
- Can be “Community-Based” or “Interest-Based”
  - To determine potential “resistors” and “supporters” of recommendations
  - Involves classifying stakeholders based on degree of impact and the power of influence

# STAKEHOLDER MAPPING – HOW

---

- Identify the primary and other related players (Ministries, Agencies, NGOs, businesses, academic, etc.) and their respective roles
- Categorize the stakeholders according to impact and power of influence and place them on the matrix
- Prioritize those which will be most impacted and have the most influence on the adoption and implementation of the recommendations

# STAKEHOLDER MAPPING – INTERESTS



# CYCLES AND SYSTEMS

---

- Situate topic within context of natural or management cycle / systems
- “Natural” cycles / systems include “The Water Cycle”, “Watershed Management”, “Carbon Cycle”
- “Management” cycles / systems include “Cradle to Grave Product Management”, “Extractive Industries Life Cycle”, “Regulatory Inspection and Enforcement”, “ISO Management Systems”

# REGULATORY CYCLE



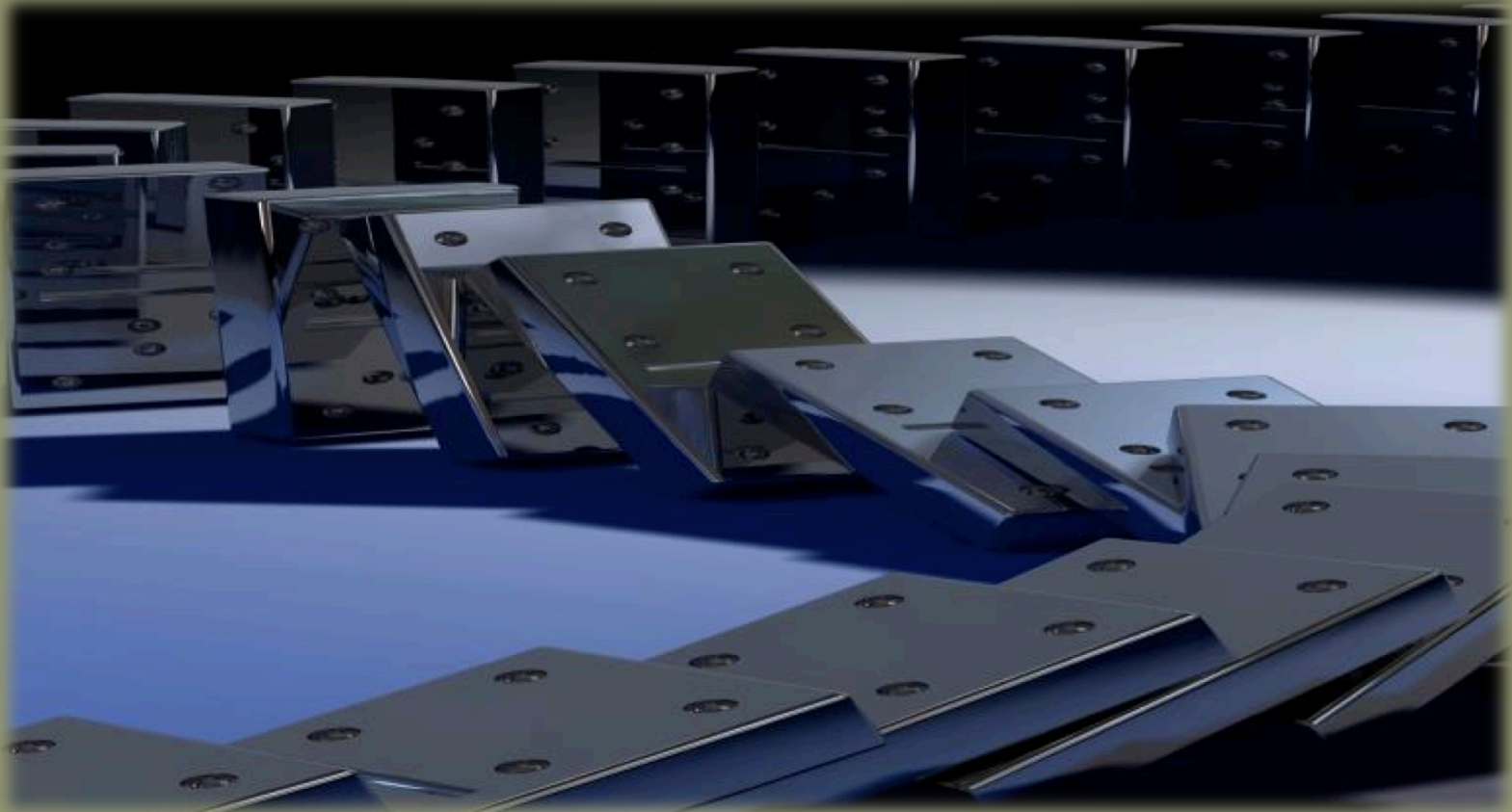
# RECOMMENDATIONS EFFECT ANALYSIS

---

- Could involve “backcasting”: Describe a future end state or vision and consequently delineate the activities, measures and milestones that are needed to deliver this end state
- Could involve “forecasting”: Starting in the present, use modelling, scenarios and visioning to speculate about or predict the potential effects of a recommendation



# THE DOMINO EFFECT: THE EXAMPLE OF WATER POLICY AND MANAGEMENT



# DRINKING WATER EXAMPLE: SCENARIO

---

- **Government Policy:** Provide safe drinking water to citizens at optimal costs.
- **Focus of review:** Quality and cost of providing drinking water to citizens.
- **Hypothetical Findings:** Declining water quality and expensive new water treatment plant proposal.

# DRINKING WATER: TYPICAL RECOMMENDATION

---

- **Typical Recommendation:** Increase water tax/fee to cover new drinking water production plant.
- **Results:** Fails to address water pollution issue and to improve ecological services from source watershed.

# DRINKING WATER: CONTEXTUAL ANALYSIS (1)

## ➤ **Early engagement of senior managers:**

- Identify limits of water policies and tools
- Obtain information on best practices
- Identify policies to change and key stakeholders to consult and engage

## ➤ **Policy mapping:**

- Identify the policy framework affecting water usage and water related activities
- Identify new policies to facilitate shift from existing situation to a water pricing and watershed management situation

# DRINKING WATER: CONTEXTUAL ANALYSIS (2)

---

## ➤ **Stakeholder mapping:**

- Identify actors that can support, oppose and participate in a water pricing and watershed management approach

## ➤ **Cycles and Systems:**

- Understand watershed component, risks and functions in order to develop and efficient water pricing and watershed management approach

# DRINKING WATER: DOMINO RECOMMENDATIONS

## ➤ **Domino Recommendations:**

- Implement a watershed management approach to reduce pollution load and water consumption by maximizing ecological services capacity.
- Revise pricing to ensure stakeholders pay the costs they generate in accordance with the polluter pays principle.

## ➤ **Likely Results:** Watershed management improves ecological services and water quality.

# DRINKING WATER: DOMINO EFFECTS

- Reduce water treatment costs
- Extend life of existing drinking water production plant
- Encourage upstream water users to consider their downstream impacts– e.g. upstream municipalities charged for costs of untreated sewage
- Better water risk identification, assessment and management
- Improved knowledge of water quality, flow and watershed ecosystem functions
- Facilitate investments in green infrastructures to improve ecological services from watershed

## OTHER DOMINO EXAMPLES

- Faced with growing carbon dioxide emissions, a traditional recommendation might focus on achieving end-of-pipe emission reductions:
- A domino effect recommendation would aim to introduce the economic valuation of carbon through the implementation of a carbon tax or an emission trading system likely to:
  - reduce the consumption of carbon-intensive products, lower greenhouse gas emissions, increase use of public transport, and lower health care costs.
- To conserve biodiversity and reduce poaching of wildlife, a typical recommendation might be to increase game warden enforcement capacity.
- A domino effect recommendation might focus on the source of the poaching issue and would aim to provide employment to local people by developing ecotourism in conservation areas



# CREATING A DOMINO EFFECT IN SUCCESSIVE REVIEWS

---

- Review cycles often result in subsequent reviews of the same topic or linked topics
- This presents the opportunity to plan for a longer term impact, by careful design of successive reviews
- Consider the **Mount Everest Analogy** to creating a Domino Effect – “staging” recommendations over time

# MOUNT EVEREST ANALOGY



# **FOLLOW-UP: STAGING RECOMMENDATIONS OVER TIME**

---

- Initial review– “base camp”
- First follow-up: “advanced base camp”
- Subsequent follow-up: “ascent camps”

# CONCLUSION:

## BENEFITS OF DOMINO FOCUSED RECOMMENDATIONS

---

- Value of recommendation is broader, seen as being of value
  - Positive impacts on public more clearly understood
  - Reflects better the linkages between environment, society, economy
  - Cost-benefit balance becomes clearer
  - More readily accepted by recipient
-

# CONTRIBUTORS

---

- **OAG BC:** Morris Sydor
- **OAG Canada:** Kimberley Leach, Neil Maxwell, David Wright
- **OAG Quebec:** Jean Cinq-Mars
- **CCAF:** Lynne Casiple, Pierre Fréchette, Yves Gauthier, John Reed



Thank You!