

Review of the Provision of Support to Former Governors General

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Introduction

Background

In 1979, the government implemented a program to support former Governors General for their ongoing responsibilities and activities, essentially responsive in nature, which result directly from their having held the Office of Governor General.

The type of responsibilities and activities that a former Governor General could be required or asked to assume include, for example, attendance to a state funeral of a foreign dignitary. Other activities could also include ongoing responsibilities related to titles such as being the Canadian Colonel-in-Chief of Princess Patricia's Canadian Light Infantry.

Support to former Governors General is provided in the form of the reimbursement of office operating expenses such as, office furnishings, supplies, accommodation, staff and professional services. Support is also provided to reimburse direct expenditures related to specific events and activities in the form of travel and hospitality.

The current maximum claimable expenditures per year for each former Governor General is set at \$206,040. There are currently four active former Governors General, bringing the potential maximum cost per year for the entire program to \$824,000. The last year of record, 2017-18, had a total actual expenditure for the support of four former Governors General of \$541,337, including taxes.

Support for responsibilities and activities of former Governors General is exclusive and independent of pension annuities, insurances, health care provisions, and relocation and archiving costs upon completion of their term of office.

Over the last few years the support program for former Governors General has come under increasing public scrutiny concerning issues of transparency and accountability. The concerns raised stem largely from the perceived lack of information or details surrounding the reporting of support expenditures.

In October 2018, the Prime Minister announced that the federal government would review the program to determine "best practices" and respond to Canadians' expectation of "transparency and accountability" in support of former Governors General "who've stepped up and offered tremendous service to this country".

The Review

The scope of this review is uniquely on the support program for former Governors General as presented in the 1979 Cabinet (Treasury Board) decision.

The objective of this review is to assess the overall functioning of the funding program for former Governors General with specific attention to transparency of reporting, accountability and efficiency of process.

The work involved a sample review of expense claims and their subsequent approval and reimbursement process to assess compliance with the 1979 Program authority (Government decision) and subsequent 2012 guideline document.

The review also examined the program's reporting regime with a view to determine whether current accountability and transparency expectations and or standards are being met.

The review undertook to compare the program's practices with up-to-date management and administrative best practices as well as comparable practices and programs in Canada and other Commonwealth countries.

The review was conducted independently and considered input from senior government officials, senior officials from the Office of the Secretary to the Governor General, former Governors General and the current Governor General.

This review is not an audit of the program and therefore does not provide an audit report or opinion. The product of the review constitutes this report which provides observations on the program's current functioning as well as recommendations for the future.

Findings

The Program Authority (1979 Decision)

The formal program authority for the support of former Governors General is derived from a 1979 Cabinet decision (Treasury Board). The decision constitutes the only official authority document that lays out the parameters of the program, including an annual limit of permissible expenses or allowances, the type of permissible expenses, some processes and some accountabilities. The program came into effect on April 1st, 1979.

The program's objective is to reimburse former Governors General for expenses incurred as a result of responsibilities and activities "essentially responsive in nature which result from their having held the Office of Governor General even though they no longer hold it".

The annual permissible limit of expenses reimbursed was established as the "total salary provided by the House of Commons for the staff of Ottawa Parliamentary offices of Members of Parliament plus fifty percent of that sum". In 1979 the annual limit was calculated at \$72,450 per former Governor General.

The program decision then established four types of permissible expenses:

- Salary for staff is pegged to the person year maximum of four attributed to Members of Parliament offices in Ottawa.
- The establishment, maintenance and operation of office space in Canada for the cost of purchasing and/or 'hiring' of furnishings, office equipment and services; telephone services and other public utilities as well as professional services "as may be required from time to time".
- Travel expenses of the former Governor General, their spouse and /or members of their office as required "within the terms of reference of the policy."
- "The reimbursement of reasonable expenses incurred by the former Governors General in returning hospitality received by the former Governor General or their spouse in the discharge of duties falling clearly within the terms of reference of the policy."

There are two "Special Provisions" in the decision. One providing for the payment of expenses to the estate of a former Governor General for six months after their death. The other special provision indicates that each former Governor General declare annually that expenditures reimbursed are "in accordance with this policy (and) have been consistent with the terms of the policy".

Finally, the 1979 decision provides for the administration of the program under the Office of the Secretary to the Governor General. The decision states that "approval of expenditures...

will be the primary responsibility of each Governor General subject to the control of the Office of the Secretary to the Governor General``. In practice, the Office of the Secretary to the Governor General reviews each monthly expense claim to ensure compliance with the program authority of 1979 and the 2012 guideline prior to reimbursement. The 2012 guideline document indicates that International travel is to be ``raised`` with the Director General Corporate Services in the Office of the Secretary to the Governor General to ensure compliance with the program authority before expenses are incurred.

In 2012, the Office of the Secretary to the Governor General developed and implemented a guideline document in support of the 1979 Cabinet decision. The document describes the framework of authorities and related procedures required to manage the 1979 program authority. The guideline presents procedures intended to clarify administrative requirements and provide assistance with establishing sound practices.

The guideline emphasizes key elements of the 1979 authority such as the responsibility of each former Governor General to attest annually that expenditures incurred are consistent with the terms of the authority. The guideline also presents the annual permissible expense limit. In this case, the guideline is the only authoritative document to provide an updated limit of \$206,040, from the original \$72,450 of 1979.

In addition, the guideline provides detailed procedures in submitting monthly expense claims, such as, descriptions of the expense with copies of original receipts and supporting invoices. The guideline also includes templates to assist former Governors General and staff in preparing claims for reimbursement.

The Annual Limit

The annual expense limit established in 1979 was based on "...the maximum total salary provided by the House of Commons for the staff of Ottawa Parliamentary offices of Members of Parliament plus an additional fifty percent..." This amounted to a limit of \$72,450 annually for each former Governor General.

The current limit, set at \$206,000, reflects the amount for a Parliamentarian office budget for 1993-94 through 1997-98. Parliamentarian office basic budgets for 2019-20 are set at \$363,600 and include both salary and non-salary provisions. When applying a simple inflation adjustment to the original 1979 limit of \$72,450, the amount for former Governors General would figure at \$246,906. It is evident that, the annual limit supporting former Governors General has neither kept up with inflation or the 1979 calculation methodology based on Parliamentary office budget levels.

Grounding the annual limit, as was done in 1979, on a pre-established, transparent and, arguably, debated amount like Parliamentarian office budgets is a sound practice. It links the limit to a tangible and accountable budget calculation. Furthermore, it avoids having to independently rationalize any annual adjustment up or down or not at all depending on the situation. The freezing of the amount to 1993-94 levels was likely in response to significant government deficit reduction measures undertaken at that time, similarly to the way Parliamentarian office budgets were frozen from 1993-94 to 1997-98. Post 1997-98, Parliamentarian office budgets resumed their annual increases and thus a disconnect with the 1979 decision calculation methodology was created.

Comparing Canada's annual budget for former Governors General to New Zealand and Australia with similar programs, reveals that Canada's annual limit is solidly in the middle, between that of Australia's and New Zealand's annual amounts. It should be noted, however, that while the programs to support former Governors General are similar in approach in New Zealand and Australia, there are important differences in the details and mechanics of the programs.

The 1979 annual limit calculation methodology, while not perfect, provided a credible basis to establish an annual limit to support former Governors General in their ongoing tasks. The process, transparency and penultimate accountability of a Parliamentarian's office budget is a solid basis of calculation. For example, linking the annual limit for former Governors General today at fifty percent of the 2019-20 Parliamentarian office budget, would provide an annual limit of \$181,800. While this amount is less than the current \$206,000, the \$181,800 is well within the range of the annual spending pattern of current former Governors General.

Recommendation

The 1979 decision should be updated using a baseline, not to exceed the current \$206,000, to reflect a new annual limit methodology calculation. Preference should be given to re-grounding

the new annual limit methodology to an established, credible budget measure such as Parliamentarian office basic budgets as was the case in the original program decision.

Allowable Expenses and Claim Process

As already indicated, the 1979 program authority decision lays out the type of expenses that are permissible for a former Governor General. These include, salary for staff, the establishment and maintenance of office space in Canada, office furnishings, office equipment, office supplies and utilities. Travel expenses are also covered for the former Governors General, their spouse and accompanying staff. Hospitality is permitted in returning hospitality received by a former Governor General or by their spouse.

Former Governors General must submit a monthly request to have expense items reimbursed. Reimbursement is only to be made based on supporting documentation, including receipts and other documentation confirming the expense.

In 2012, the Office of the Secretary of the Governor General issued a comprehensive document entitled - *Guidelines for the Provision of Support to Former Governors General* . The Guideline document provides considerable clarity on the process by which expense claims are to be made, including the type of supporting documents. The Guideline also provides a template for travel claims and an annual declaration in accordance with the Program authority. The annual declaration signed by each former Governor General is to affirm that expenditures made during the year are in accordance with the terms of the (Program) policy as set out by the government in 1979.

A sample of expense claims was reviewed to assess adherence to the Program authority and guideline document. In addition, the review also scrutinized expense items to assess the overall reasonableness of expense items.

In all cases reviewed, the monthly expense claims submitted by former Governors General were well prepared and provided much of the detail required for review and approval by the Office of the Secretary to the Governor General. All expenses reviewed were in accordance with the allowable expenses as indicated in the authority and guideline documents. The review did not see any expense items that could be deemed unreasonable given the parameters of the authority and guideline documents.

There is room for some improvement, however, in the supporting documentation of hospitality expenses. Hospitality expenses were very modest, representing less than 1% of all expenses in the years reviewed. Hospitality supporting documentation could be improved to provide more details and clarity in relation to the program authority stipulations. Adding a template form to the guideline document could be a solution that could easily improve the documentation provided.

The current Program authority document (1979) and the 2012 Guideline are excellent starting point documents. However, specifically with respect to the 1979 program authority document, the level of precision and clarity for some expense items is lacking and open to interpretation. Furthermore, there are no limits or guideposts for specific expense items, except for salaries, which are significantly outdated due to inflation.

Recommendation

The 1979 decision should be updated to provide more clarity with respect to allowable expense items and, in some cases, limits. Consideration should be given to have the new updated Program authority document refer to an annual allowance document that would include the annual limit and be updated on a rolling three-year basis. The allowance document would provide clarity on specific expense items as well as limits and would be published annually for greater transparency. An excellent example is the House of Commons Members Allowances and Services document that is published annually

<https://www.ourcommons.ca/PublicDisclosure/UnderstandingReport.aspx?Language=E> .

Expense Reporting and Public Accountability

The subject of reporting, transparency and accountability of reimbursed expenses for former Governors General has of late been a topic of considerable media interest. This issue is in fact a key element for the raison d'être of this review as announced by the Prime Minister "...Canadians expect a certain level of transparency and accountability...".

Unfortunately, neither the 1979 Program authority documentation or the 2012 guideline document provide any requirement or guideline concerning the reporting of expenses. The closest any document comes to reporting requirements is where the Program authority states that "the Office of Secretary to the Governor General will ensure that permissible expenses are charged to the control allotments for the appropriate activities". This, however, is much less about reporting than about accounting or bookkeeping and in the end is not helpful in advancing public transparency and accountability for these types of expenses.

Much of the media reporting of late has centered on expenses billed by a former Governor General that met the Government of Canada Public Accounts \$100,000 threshold for reporting professional services separately. Unfortunately, the Government of Canada public reporting policy is ill-suited for providing details and clarity on a relatively small program like that for former Governors General expenses.

The Office of the Secretary of the Governor General, who is charged with approving and ultimately recording all former Governors General expenses, is provided an annual budget allotment from which former Governors General expenses are paid. This specific allotment is provided exclusively for non-salary type expenditures. It is provided this way to match the type of overall expense that is being paid, which is to reimburse former Governors General for their expenses.

Because the specific budget allotment provided to the Office of the Secretary of the Governor General is a non-salary allotment, expense items cannot be recorded to the line item called "Personnel" even if the item is salaries paid by a former Governor General to assist in the running of their office. For government public accounts policy, only salaries paid directly by the government of Canada can be recorded to the "Personnel" line item.

Therefore, currently recorded for all former Governors General for all years reviewed under the "Personnel" line item in the government public accounts is \$0.00. When in fact there are salaried employees working for former Governors General. As already stated, the 1979 Program authority permits former Governors General to have up to four person years on staff. Currently, reimbursement of salary expenses incurred by the former Governor General are recorded as "Professional / Special Services". This is the same line item used for professional services and hospitality expenses as per government reporting policy. The conclusion is that, in this case, recording some expenses according to government public accounts policy can distort the true pedigree of the expense, such as reporting salaries as professional services.

Further issues exist with respect to recording other reimbursed expenses. For example, expenses related to a physical office accommodation can currently be recorded under a number of line items; such as, Transportation and Telecom, Professional / Special Services, Rentals, and Materials / Supplies / Utilities. Seeking information on office accommodation costs for former Governors General is next to impossible if relying exclusively on public accounts information. Fortunately, the expense claims of former Governors General all have significant details on the costs of their offices and could easily provide more than enough information for more helpful detailed reporting.

The reporting issue is not a case of accountability obfuscation. Rather it is a case of using the wrong tool for the job. The Office of the Secretary of the Governor General records Former Governors General expense items in accordance with the government of Canada's public accounts process. The Public Accounts of Canada are world class documents true to proper accounting convention (GAAP) and have received clean audit reports year over year by the Auditor General of Canada. However, the Public Accounts of Canada are not the right tool to provide the level of detail to meet today's standards that Canadians expect for a program like supporting former Governors General.

Public concern over transparency issues has prompted one former Governor General to provide more detailed reporting than is available through the Public Accounts. Unfortunately, this approach, viewed favourably by some, has not put to rest the questions on what a reporting regime should be for former Governors General.

An excellent example of detailed reporting to meet a high bar for public accountability, that does not rely on the Public Accounts of Canada, is the House of Commons. The House Commons reports significant detail on Member expenses

<https://www.ourcommons.ca/PublicDisclosure/UnderstandingReport.aspx?Language=E> .

Expenses are reported on a quarterly basis for the House of Commons as a whole and for each Member with far more detail than the Public Accounts. The reports even provide detailed definitions for every line item to avoid misinterpretation and or confusion regarding specific expense items.

Other examples of providing more detailed financial information beyond general accounting formats include the sitting Governor General annual financial statements

[https://www.gg.ca/sites/default/files/media/the_office/AR_RA/2018-](https://www.gg.ca/sites/default/files/media/the_office/AR_RA/2018-19_osgg_financialstatements.pdf)

[19_osgg_financialstatements.pdf](https://www.gg.ca/sites/default/files/media/the_office/AR_RA/2018-19_osgg_financialstatements.pdf) and the Sovereign Grant and Sovereign Grant Reserve (Royal Household) Annual Report and Accounts <https://www.royal.uk/financial-reports-2018-19>.

Recommendations

The 1979 decision should be updated to provide for more detailed public reporting on former Governors General expenses such as currently exists for Members in the House of Commons. The more detailed public reporting of expenses should be administered and published centrally by the Office of the Secretary to the Governor General.

In order to streamline and contain costs associated with enhanced reporting, consideration should be given to developing an electronic expense reporting template that former Governors General would use in submitting their monthly claims. The template information could then be used to aggregate monthly information into an annual format for reporting purposes.

Consideration should be given to implementing more detailed reporting on a phased approach where the initial implementation of detailed reporting would be done at an aggregate level, thus totaling all former Governors General expense items until such time as new clearer definitions on allowances and expense items are uniformly understood and implemented.

Reporting of Activities

Germane to the issue of former Governors General expense transparency and accountability, is the issue of program performance. Questions have been raised about the effectiveness of the program, specifically, the extent of responsibilities and duties that might befall a former Governor General for the rest of their life.

Media attention to this issue has prompted one former Governor General to respond by outlining numerous responsibilities and engagements undertaken over the course of a specific year.

Referring to the original program authority document of 1979, the objective of the program is to respond to the issue that:

“ Former Governors General incur responsibilities and are asked to undertake activities essentially responsive in nature which result from having held the Office of Governor General even though they no longer hold it. This is particularly true in the first few years after they leave office when they are effectively in a transition period between the responsibilities of office and their return to private life.” Cabinet agreed “that support should be provided to former Governors General to enable them to carry out these activities...”

The sitting Governor General’s role and responsibilities while in office are well presented in the Governor General’s web site <https://www.gg.ca/en/role> . The following are summaries and excerpts from the web site.

The Governor General is first and foremost known for exercising the powers and responsibilities of the Head of State, Her Majesty The Queen. While the Constitution Act (1867) places executive power in The Queen, in practice this power is exercised by the prime minister and ministers. The Governor General acts on the advice of the head of government but has the right to advise, encourage and warn.

The Governor General also represents Canada in domestic and international ceremonies and events. The Governor General officially welcomes new ambassadors, plays host to foreign heads of State and signs diplomatic letters for outgoing Canadian ambassadors and high commissioners. The Governor General also plays an important role in international relations by travelling abroad on State and official visits which inevitably strengthen Canada’s relationships with international partners. The Governor General is also the commander-in-chief of Canada, recognizes accomplishment through honours, decorations and awards and brings Canadians together through dialogue and shared sense of purpose.

Clearly there are functions that a former Governor General would no longer exercise, such as executive powers on behalf of The Queen or being commander-in-chief or signing diplomatic letters for outgoing Canadian ambassadors and high commissioners. However, there are many functions and activities that remain, for example, the relationships built with international

partners as the former representative head of state, or the relationships built with Canadians and Canadian institutions as Canada's chief champion and cheerleader while in office. It is these and other like activities that remain with a former Governor General that the government felt were important enough to continue through an expense support program.

Measuring the effectiveness of the former Governor General support program in 2019 in meeting the intended objective of the 1979 Cabinet decision was a difficult undertaking. Unfortunately, this review found very limited user-friendly information on the activities or responsibilities of former Governors General stemming from their time in office.

Some information was available through rough notations made on hospitality and travel expense claims. In addition, some former Governors General carry formal titles that include ongoing responsibilities, such as Canadian Colonel-in-Chief of the Princess Patricia's Canadian Light Infantry as already indicated. Unfortunately, the Office of the Secretary to the Governor General does not have a detailed listing of all formal titles retained or obtained by former Governors General.

Most former Governors General have websites that provide some up-to-date information on current activities, but these are designed for general information purposes on a range of topics, not exclusive to the role and activities as a result of having held office. Nor is the information on engagements and activities uniformly structured between the former Governors General for ease of readership.

Providing information on the activities, titles and engagements of former Governors General would be an important first step to begin to piece together a meaningful assessment as to whether the program, as it exists, is meeting its intended objective derived in 1979.

As things currently stand, the program only provides pro-forma Public Accounts accounting information which has already been determined previously in this report to be inadequate as a best practice in public reporting. An improved expense reporting regime designed for the public in addition to providing public reporting of activities, engagements and responsibilities of former Governors General would not only significantly improve the program's transparency and accountability, but it would also improve its awareness and understanding.

A readily available example of activity and responsibility reporting for former Governors General currently exists in the form of the Annual Report of Office of the Secretary to the Governor General https://www.gg.ca/sites/default/files/media/the_office/AR_RA/2017-18_osgg_annualreport.pdf. The annual report provides a good high-level presentation of the activities and engagements of the sitting Governor General. A similar report could be published, on-line at modest expense, to present the list of activities and engagements of former Governors General. Another example, as already indicated in this report is the Sovereign Grant and Sovereign Grant Reserve (Royal Household) Annual Report and Accounts <https://www.royal.uk/financial-reports-2018-19>. The Royal Household annual report is also

notable for a section on Performance which presents information on events, engagements, travel, hospitality, environmental sustainability and even supplier payment performance.

Recommendation

The 1979 decision should be updated to provide for the user-friendly reporting of annual activities, responsibilities, events and engagements of former Governors General. The more detailed public reporting of activities should be administered and published centrally by the Office of the Secretary to the Governor General.

Consideration should be given to implementing more detailed reporting on a phased approach where the initial implementation would be done at an aggregate level, thus reporting all former Governors General activities in aggregate until such time as experience in uniformity of presentation and articulation of activities is achieved.

Supporting Former Governors General for Life

Another issue raised through discussions and interviews during the course of this review, is the length of time that support should be provided to former Governors General to assist in the activities stemming from their time in office.

The 1979 program authority states that “Former Governors General incur responsibilities and are asked to undertake activities essentially responsive in nature which result from having held the Office of Governor General even though they no longer hold it. This is particularly true in the first few years after they leave office when they are effectively in a **transition period** between the responsibilities of office and their return to private life.”

The program authority goes on to state that support measures would continue “to the estate of a former Governor General for six months after (their) death.”

While the 1979 program authority made a clear distinction between a recent former Governor General and more senior former Governors General: “this is particularly true in the first few years after they leave office”, there was no distinction or differentiation in support provided between a recent or a senior former Governor General. The program authority however does not define the “transition period” in any way and makes the support program effective for the life of the former Governor General.

Both Australia and New Zealand provide support programs, though they differ as already indicated, both are for the life of the former Governor General. Australia has support programs that also extend to former Prime Ministers and former Parliamentarians. New Zealand’s support program for former Governors General is more restrictive but extends to the life of the spouse.

Any discussion on the length of time for the support program does not in any way include the pension, insurance and health benefits that former Governors General receive until death or the death of their spouse.

While interviews with key stakeholders argued both sides of whether the length of time for the support program should be for life or not, the majority tended to favour some further evaluation of the merits of stopping expense support payments after a defined number of years of leaving office.

Recommendation

Consideration should be given to evaluating the merits of having support payments end after a defined number of years of leaving office rather than the current for-life regime.

Conclusion

The program in support of former Governors General to undertake continuing activities and engagements that stem from them having held office is generally well administered and complies with the parameters of the original program authority as set out by Cabinet (Treasury Board) in 1979.

All expenses reviewed were in accordance with the allowable expenses as indicated in the authority and guideline documents. The review did not see any expense items that could be deemed unreasonable given the parameters of the authority and guideline documents.

The Office of the Secretary of the Governor General is to be commended in effectively and constructively managing the relationship with former Governors General and providing key framework documents such as the 2012 guideline that have enabled a compliant process. Former Governors General and their staff have also contributed effectively in supporting a constructive process in providing a full accounting of expenses in support of their ongoing activities.

The major issues in this review stem from a forty-year-old program authority that has never been reviewed and has never been modified since its inception. While the program authority is an effective administrative document and has served well for over forty years, it has not been updated to reflect current public sector practices and public expectations concerning reporting and accountability.

Significant yet simple adjustments should be considered to more clearly and effectively report to Canadians on the expenses and activities of our former Governors General. Examples of innovative reporting exist for the House of Commons, the sitting Governor General and The Queen, all pillars of our constitutional foundation seeking to connect effectively with Canadians. The new public reporting regime should be administered and published by the Office of the Secretary to the Governor General to ensure a consistency and efficiency in preparation and publishing.