

## Organizational Costing of Fee-Based Goods and Services

As at January 31, 2013

Released: [2 December 2011](#)

First Follow-up: [October 2012](#)

Self-assessment conducted by Treasury Board Staff

### Comments:

“As part of the annual budget instructions, ministries were asked to validate the information in the fee database and estimate administrative, overhead and service delivery costs for those fees for which they have responsibility. For each ministry, the validation process included:

- ♦ identifying fees that were incorrectly labelled as its responsibility;
- ♦ identifying fees that were inadvertently not included as its responsibility; and
- ♦ identifying the appropriate authorization for each fee.

Following this validation process, it is expected that the fee database will be current and up to date based on ministry confirmations.

The instructions included a methodology to estimate service delivery, program, administrative and overhead costs for each fee. It is expected that the ministry estimated cost information associated with each fee will be completed by June 30, 2013 and when complete, this information will be included in the fee database. The ministries of Forests, Lands and Natural Resource Operations; Justice and Attorney General; and Environment were instructed to comply with completed validation and costing information by June 30, 2013 due to the large number of fees for which they have responsibility. Other ministries were instructed to comply on or before December 31, 2012 or March 31, 2013 depending on the number of fees for which they have responsibility. Due to the relatively large number of fees and the required summer Budget 2013 process, Treasury Board Staff due diligence is likely to continue to the fall of 2013.

Ministries were also instructed that they should review their fee structures every two years. Two new fields to be included in the updated database will identify the date that the ministry last reviewed a particular fee and the date when the fee was last amended.

Notwithstanding the biennial review process, ministries were instructed that they were required to monitor their fees on an ongoing basis and should ministries wish to adjust fee structures for any reason, Treasury Board approval is required through a submission with a completed Fee Issue Paper with ministerial signoff.

Treasury Board Staff will have the oversight responsibility to ensure ministries are complying with its validation process and review of fees on a regular basis. If required, ministries will be provided guidance to update their fee structure information through the annual budget letter direction process.

Government would like to thank the staff in the Office of the Auditor General for the opportunity to provide an updated status report on their recommendations.”

### RECOMMENDATION AND SUMMARY OF PROGRESS

### SELF-ASSESSED STATUS

<b>Recommendation 1:</b> Treasury Board improve its guidance to include detailed instructions for government organizations on the appropriate costs to consider when determining the actual cost underlying a fee request, including how to allocate an appropriate portion of any common or overhead costs.	Fully or substantially implemented
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**Actions taken, results and/or actions planned:**

“Included in the instructions provided to ministries was a methodology to estimate operational and overhead costs associated with each fee including shared service expenses in the Ministry of Citizens’ Services and Open Government.”

<b>Recommendation 2:</b> Treasury Board improve its guidance to specify how frequently fees should be reviewed, and what the review procedures should entail.	Fully or substantially implemented
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**Actions taken, results and/or actions planned:**

“For each fee that they have responsibility, ministries were instructed to implement a biennial review process. Notwithstanding this two-year timeframe, ministries were reminded that they are still required to review fees on an ongoing basis and to bring forward any proposed changes for Treasury Board review, approval and decision. This process is well established and requires a Treasury Board submission with a completed Fee Issue Paper attached.”

<b>Recommendation 3:</b> Government assign responsibility for regularly reviewing fees to ensure that fees remain appropriate and consistent with all relevant government policies and regulations.	Fully or substantially implemented
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**Actions taken, results and/or actions planned:**

“Based on ministry confirmation, each ministry has identified those fees for which it has responsibility and has been instructed that it review and update its fee structures including administrative and overhead costs every two years.”

<b>Recommendation 4:</b> Government assign oversight responsibility for the fee-review process to ensure that those organizations assigned responsibility for regular review of fees are completing these reviews on a timely basis.	Fully or substantially implemented
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**Actions taken, results and/or actions planned:**

“When fully implemented and updated, the incorporation of a new field in the fee database indicating the date that a fee was last reviewed will allow Treasury Board Staff to ascertain whether ministries are complying with the review instructions. These instructions indicated that Treasury Board Staff will have the oversight responsibility to ensure ministries are reviewing fees on a regular basis. This accountability will be operationalized every second year through the budget letter direction.”

<b>Recommendation 5:</b> Government develop a plan to review its fee amounts and types to ensure they are appropriate and relevant.	Fully or substantially implemented
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**Actions taken, results and/or actions planned:**

“Ministries have been provided instructions to review fee structures every two years. This review is to be performed by each ministry to assess whether rates, amounts collected and costs remain appropriate and relevant.”

<b>Recommendation 6:</b> Government ensure that the fee-setting process and the detailed rationale for the fees charged be transparent and readily available to the public.	Partially implemented
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**Actions taken, results and/or actions planned:**

“As part of the instructions, ministries were advised that they must be prepared to respond to enquiries from the public regarding the fee process and the rationale for amounts charged.

It is expected that the fee database will continue to be posted on the Ministry of Finance intranet website.

A copy of the fee database was provided to a third party upon request on November 23, 2012.

When completed, releases of copies of the updated fee database will require approval from the appropriate ministry as they are responsible for providing any updates to Treasury Board Staff and for the associated cost information.”

All information has been provided by the organization and has not been audited.