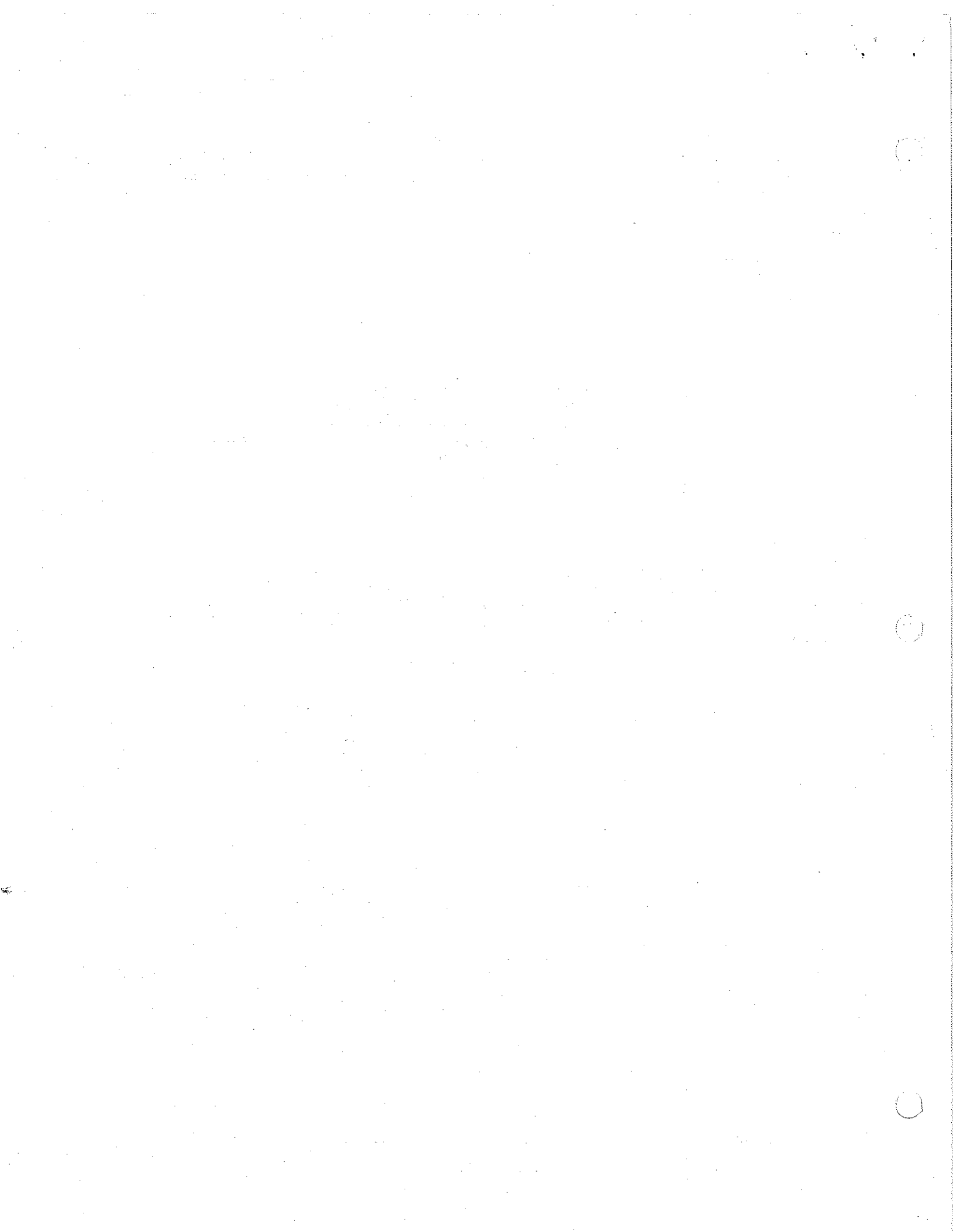


Ministry of Forests

Roles and Responsibilities Review

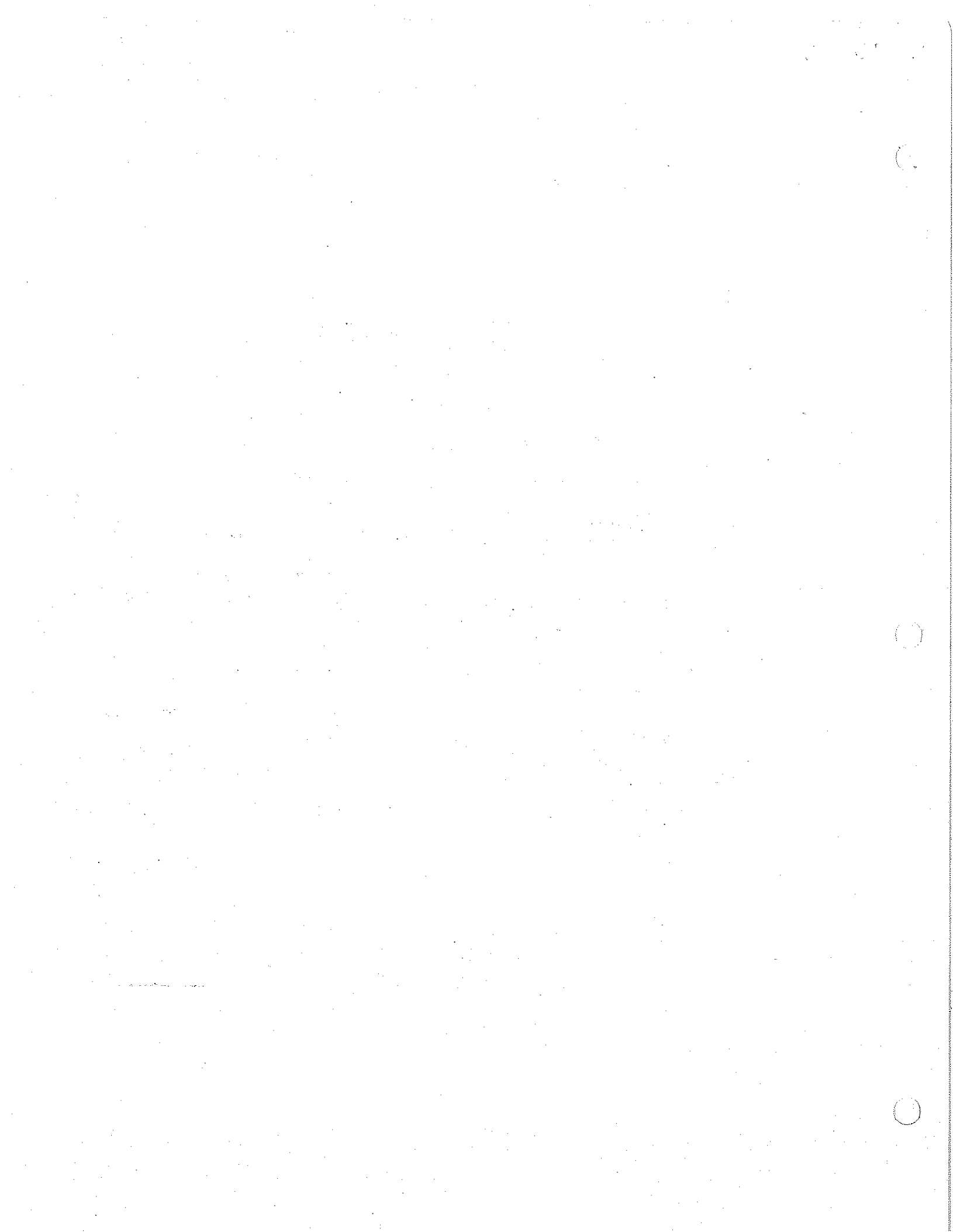
Final Report

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Contents

1. EXECUTIVE SUMMARY	1
2. OBJECTIVE OF THE ROLES AND RESPONSIBILITIES REVIEW	7
3. PROJECT APPROACH	9
4. ROLE OF THE MINISTRY	11
5. FINDINGS	13
6. RECOMMENDATIONS	23



ONE

EXECUTIVE SUMMARY

In December 1992, the Ministry of Forests executive undertook a review of roles and responsibilities in branch, regional and district offices. The broad objective of the project was to find ways to help the ministry be more effective in its role of managing forest and range lands. A number of factors drove the need to conduct the study including:

- concerns of staff about their ability to cope with increased workload upon implementation of the Forest Practices Code and other major initiatives;
- changes in the public's expectations regarding the ministry's role in forest and range management; and,
- the need to identify efficiencies in operations and administration in light of fiscal constraints.

The review focused on interviewing staff who deliver the services of the ministry. As a result, extensive interviews were held with over 1200 staff at the technical, administrative, clerical, professional and executive levels. Fifteen district offices, all six regions, every branch, one research station and two nurseries were visited in the course of the project.

Findings

One of the most significant findings of the project is that staff, at branch, regional and district office levels demonstrated a great deal of motivation and dedication and take their role of managing forest and range lands seriously.

In light of their desire to be effective, they are very frustrated at what they feel to be fundamental impediments which prevent them from doing a better job in managing forest and range resources. Staff feel that they are tied to their desks and not able to spend enough time in the field. The review identified five fundamental problems that are blocking staff from doing a more effective job in managing forest and range lands.

1. The program orientation of the ministry interferes with front line management of the forest and range lands.

The most critical and central problem identified represents the fact that the ministry is set up and operates along rigid program (e.g. silviculture, range, timber harvesting) lines although its role requires the ministry to manage forest and range land issues on a cross program basis.

This conflict flows primarily from the structure and role of regional and branch offices. Staff at these levels have been grouped into units that are tied to a particular program and must oversee a program budget. They are focused on the activities and budgets within the parameters of the program and spend considerable time monitoring districts to ensure that program funds are expended in accordance with program needs.

District managers must address issues and carry out activities which cross program lines. They view resource allocation and management decisions across the whole spectrum of programs. Often, in order to address a serious issue, they need to shift human and financial resources from one program area to another.

However, districts and other line functions are expected to achieve program goals and to spend the funding allotted in each program. There is little incentive for district and line managers to find efficiencies in delivering an activity as it is difficult for them to shift the funding to other areas.

2. Staff and line functions are not clearly defined

The program orientation of the ministry fragments accountability for achieving results and causes a blur, at the branch and regional office level, between staff and line responsibilities. Branch and regional office units, in managing programs, are forced to carry out a hybrid role which is neither staff nor line.

Program managers at the branch and regional office level view themselves as being accountable for spending their program budget allocation and achieving program targets. Therefore, they try to monitor, and to varying degrees, influence the delivery of services in the field which are related to the program area. In so doing, they move beyond a staff role. However, as they do not have formal authority over front line staff, they are not able to exercise a line role either. As a result, they end up playing a role that is neither staff nor line.

3. Ministry managers are held accountable primarily for following administrative processes relating to the management of inputs (budget allocations and FTEs)

Senior managers (branch directors, regional managers and district managers) recognize that they spend too much time managing inputs and ensuring that they follow processes.

Managers are not held accountable for achieving results on the front line and for the quality of forest and range management they carry out. Instead, they are assessed on whether or not the rules (written or unwritten) are followed and whether or not all of the budget allocation is expended.

4. Control processes and reporting systems are not designed to support a forest and range management focus

This problem, is in part, a symptom of the program dominance in the ministry. Branches, regions and districts each operate and staff their management and control framework in order to manage activities. However, only one level, the district, is in a position to physically direct and manage resources.

The triplicate layers of administrative control and management stem from the perception that branches and regions are, in addition to districts, accountable for what happens in program areas in the districts. As branches and regions are not in a position to direct district resources on a day to day basis, they have implemented procedures on the assumption that by getting districts to follow certain processes, they can control the results.

In reality, the level of adherence to procedures provides very little comfort that desired results will be followed.

5. Policy setting responsibility is fragmented within the ministry

At the time the review was carried out, there were three divisions within the ministry: operations, management services and forestry. A fourth division, policy and planning, was added in the fall of 1993.

The review noted that policy setting responsibility is fragmented between the three divisions that existed at the time of the review. Forestry division sets policy relating to most aspects of forestry management except timber harvesting and engineering; the policy for which are set by operations division. Management services division sets policy relating to the management of internal resources such as personnel, facilities, computers, expenditures and most of the revenue management cycle. Policy relating to a key aspect of revenue management, pricing is set by operations division.

Recommendations

The report recommends that action in the following areas be taken to address the fundamental problems identified in the review:

1. Re-define the role of branch, region and district offices to:
 - eliminate the fragmentation of policy setting in forest management and administrative management;
 - clearly delineate the line and staff relationship;
 - reduce the program management orientation throughout the ministry; and,
 - achieve greater efficiencies in the delivery of operational and administrative activities.
2. Allow districts to determine where to focus effort and resources based on a balance between the needs of client needs and strategic goals of government and the executive.
3. Hold districts and line units accountable for achieving results.
4. Change the accountability relationships with central agencies to focus on achieving results rather than following process.

Each recommendation is outlined in further detail in the report.



TWO

OBJECTIVE OF THE ROLES AND RESPONSIBILITIES REVIEW

In December, 1992, the Ministry of Forests executive undertook a review of roles and responsibilities in branch, regional and district offices. The broad objective of the project was to find ways to help the ministry get its job done better. A number of factors drove the need to conduct the study including:

- concerns of staff about their ability to cope with increased workload upon implementation of the Forest Practices Code and other major initiatives;
- changes in the public's expectations regarding the ministry's role in forest and range management; and,
- the need to identify efficiencies in operations and administration in light of fiscal constraints.

THREE

PROJECT APPROACH

The review focused on interviewing staff who deliver the services of the ministry. As a result, extensive interviews were held with over 1200 staff at the technical, administrative, clerical, professional and executive levels. Fifteen district offices, all six regions, every branch, one research station and two nurseries were visited in the course of the project. Staff were also visited in the field in the course of performing their duties.

The findings and recommendations outlined in the report represent a synthesis of the common themes and issues identified during the project.



FOUR

ROLE OF THE MINISTRY

The primary impetus for the roles and responsibilities review was to find ways to help the ministry do its job better. As a starting point in the project, it was necessary to develop a practical, concise definition of the job.

The role of the ministry can be most simply and clearly stated as:

To manage the forest and range land of British Columbia.

This definition of the job of the ministry can be derived from statute, government policy and public expectations:

- The *Ministry of Forests Act*, in section 4(b) clearly indicates a responsibility to manage forest and range lands. Section 4(c) requires the ministry to co-ordinate and integrate the use of these resources;
- The government has directed the ministry to play a lead role in monitoring and enforcing the use of forest and range resources;
- The public clearly expects the ministry to look after their interests in the forest and to resolve problems that relate to the use of the forest.

ROLE OF THE MINISTRY

The ministry, compared to other agencies, has a large infrastructure and resourcing level to manage the forests. It has an extensive network of personnel and offices located throughout the province in relative proximity to most major forest and range areas. Due to its size and location throughout the province, the public at the local level often turns to the ministry to address and resolve forest and range issues.

As managers of a resource or portfolio of forest and range assets, the ministry, to be successful, must understand and meet the needs of parties with a vested interest in forest and range lands. The nature and level of activities it performs must be driven by needs of the government across the province and of clients at the local level.

There are two levels in the ministry which have a role to play in identifying and managing the land, the executive and the districts. The executive provides direction to reflect the mandate of government and takes action to address significant issues or concerns facing government. Districts are the primary source of delivering on the ground activities and assessing local needs and conditions. The ministry operates 43 district offices which are located throughout the province. These offices employ approximately 2800 full time staff.

In addition to the executive and district offices, there are two other organizational levels in the ministry: headquarters branches and regional offices.

There are 17 branches which have approximately 800 staff located in Victoria. Six regional offices are located throughout the province which employ approximately 750 staff. Thus, at least 1550 of the ministry's 4300 staff are located in Victoria or in the regional offices.

FIVE

FINDINGS

One of the most significant findings of the project is that staff, at branch, regional and district office levels demonstrated a great deal of motivation and dedication and take the job of managing forest and range lands seriously.

In light of their desire to be effective, they are very frustrated at what they feel to be fundamental impediments which prevent them from doing a better job in managing forest and range resources. The frustration level is usually the greatest among technical and professional staff who view themselves as having a field-oriented job. These staff feel that they are tied to their desks and not able to spend enough time in the field.

Based on interviews with staff and analyses of their concerns, a number of fundamental issues or problems have been identified which should be resolved in order to help the staff improve their effectiveness.

1. The program orientation of the ministry interferes with front line management of the forest and range lands

The most critical and central problem identified represents the fact that the ministry is set up and operates along rigid program (e.g. silviculture, range, timber harvesting) lines although its job is to manage forest and range land issues on a cross program basis.

This conflict flows primarily from the structure and role of regional and branch offices.

Staff at the regional and branch office levels perform five fundamental tasks:

- assist the executive in managing issues;
- deliver operational or administrative services which cannot be efficiently delivered at the district level;
- provide technical advice and support to districts and the executive;
- work on joint projects and issues with representatives of other agencies; and,
- manage programs.

It is the general consensus of ministry staff that the first four tasks, in most cases, add value as they help executive or districts carry out their jobs or deliver services directly. However, ministry staff at all levels expressed concern that program management activities add little benefit to the executive and districts and actually interfere with the ability of the executive and districts to do their job.

Most of the effort expended by branch and regional staff is in areas that either directly support the executive or front line activities or deliver administrative or operational services. However, a significant portion of the effort by those staff is spent on program management activities.

The main problems with program management activities throughout the ministry are described below.

Most issues and activities which a district manager and front line staff must deal with cross several program lines.

For example, in managing timber harvesting activities, the district manager will usually have to address issues related to land use plans, harvesting methods, the quality and location of forest roads and the adequacy of silviculture treatments. At the district level, staff and funding to manage issues in each of those four areas is located in separate units and has separate budgets.

Beyond the district level, the segmentation becomes more pronounced. At the regional and headquarters level, each of those four activities is located in a different program and overseen by staff and managers within separate units. Funding for the districts flows from four different programs or funding buckets.

Staff at branch and regional offices feel that their role in managing programs causes them to focus too much time on administrative matters and not enough time on providing support to executive or the field.

The problems with a program orientation are evident in various aspects of ministry operations but they are particularly acute in resource allocation.

District staff have input in resource allocation during the planning and budgeting stage. They are able to view resourcing needs on a cross program basis and to determine resource allocation based on risk and client needs.

However, after the districts have provided input, the level of activities and resources allotted for these activities are finalized by staff at regional and branch levels who operate along program lines.

Due to their program orientation, these staff tend to view issues primarily within the context of a single program rather than across program lines. Thus, there is an inherent tendency for program units to protect their current budget levels rather than contribute resources to other areas where greater benefits to the ministry will occur.

FINDINGS

Once resources and activity plans have been established, branch and regional staff tend to manage along program lines. Districts and other line functions are expected to achieve program goals and to spend the funding allotted in each program. There is little incentive for line managers to find efficiencies in delivering an activity as it is difficult for them to shift the funding to other areas.

Regional and branch staff consistently expressed frustration with their program management roles as they are not able to contribute as much to the organization as they feel they could. Many of these staff hold professional designations or graduate degrees and possess knowledge and skills that would be valuable to the front line staff. However, due to their program management role, they spend a lot of time in administrative tasks which reduces the time they can spend in the field helping front line staff.

It is important to realize that the program management structure and its inherent problems have not arisen suddenly.

The program orientation evolved over the last 20 to 30 years as the ministry took on new activities. Programs are designed to deliver macro-level solutions across the province. They typically involve large, on-going investments in a set of activities. To manage the programs, formal control frameworks, including administrative procedures and policies, are established across the province by staff who are physically distant from the delivery of the activities.

Programs have become more dominant in the last 10 to 15 years as previous governments and the public sought major strategic investments related to forestry management. In order to obtain and manage these investments, the ministry added more branches and emphasized a program management focus through the regions and districts.

In recent years, it has become apparent that the public (and other interests, both domestic and foreign) now focus on specific issues and problems relating to sections of forest and range land. These issues require micro-level solutions in which the district level can tailor the mix and level of services to address the situation in the district.

The strategic needs of the ministry have shifted from managing large macro-level programs to managing and solving issues on pieces of forest land. This strategic shift in turn reduces the importance of individual programs and makes a program dominated structure inappropriate to meet today's forest and range management needs.

2. Staff and line functions are not clearly defined

The role of units in virtually any organization can be viewed as either staff or line. Line functions focus on the delivery of operational or administrative activities and the managers of those functions are accountable for achieving results in those activities. Staff functions develop policy and standards and provide support to line functions. Units with a staff role are accountable only for delivering policy and standards which meet the needs of executive and for providing accurate timely advice. They are not accountable for end results.

The program orientation of the ministry fragments accountability for achieving results and causes a blur, at the branch and regional office level between staff and line responsibilities.

Program managers at the branch and regional office level view themselves as being accountable for spending their program budget allocation and achieving program targets. Therefore, they try to monitor, and to varying degrees, influence the delivery of services in the field which are related to the program area. In so doing, they move beyond a staff role. However, as they do not have formal authority over front line staff, they are not able to exercise a line role either. As a result, they end up playing a role that is neither staff nor line.

To ensure that funding is spent on specific program activities and that program targets are achieved, the ministry operates program management frameworks within branches and each regional office. Often, each branch and each program unit in a regional office establishes rules or processes as to how the funding will be spent and how activities will be carried out. Branches and regional office staff then monitor district activities to determine if the process is being followed.

District managers are accountable for managing the forest and range lands within their district boundaries. To achieve this objective, they have line authority for delivering most of the ministry's on the ground activities.

In those activities where district managers have line authority, conceptually, the respective program managers in branches and regional offices should only have a staff or support role. However, due to the emphasis on programs, staff and managers at the regional and branch level often step beyond the staff role when they try to influence the level of activities or the level of resources. This in turn causes a fragmentation of accountability for results between the district manager and the program manager in the regional or branch office.

During interviews, staff at branch, regional and district office level expressed frustration with the program management focus. Branch and regional office staff also feel frustrated in that they recognize that they do not have line authority over front line staff but are often held partly accountable for results at the front line.

3. Ministry managers are held accountable primarily for following administrative processes relating to the management of inputs (budget allocations and FTEs).

Senior managers (branch directors, regional managers and district managers) recognize that they spend too much time managing inputs and ensuring that they follow processes. It is not unusual to attend a regional management team or district management team meeting in the middle of field season and have an agenda which focuses 90% or more on input related issues such as arguing over allocation of funds or staff.

The quality of managing inputs is not assessed in terms of how much output is generated with a given level of inputs or in terms of the marginal benefits of spending additional funds on a number of activities. Instead, input (financial and FTE) management is assessed on whether or not the rules (written or unwritten) are followed and whether or not all of the allocation is used up.

One of the unwritten rules is that managers will have their subsequent year's budget reduced if they do not spend their entire allocation. In addition, formal regulations require that managers not exceed their allocation in each account. As a result, managers spend a great deal of time, especially at year end, managing spending so that they do not exceed or fall below their allocation.

Furthermore, managers admit that they have little incentive to find ways to carry out services cheaper. If they were able to reduce contract costs or perform activities with fewer staff, they will likely lose these resources.

The focus on managing by following rules is traditional among most government entities as it represents the concept that the tighter the rules on managing public funds, the better control over public assets. Unlike the situation for most government entities, the public expects the ministry to manage another asset, the forest, which is much more valuable an asset than the funds given to the ministry to carry out its activities.

The need to focus on results is reinforced in the Ministry of Forests Act. The Minister is required to report annually on "the effect (that forest and range programs have) had on the productivity of forest and range resources".

Therefore, the ministry should focus its accountability towards managing the most valuable asset, the forest.

Part of the focus on process rather than results is driven by the nature of controls and accountability relationships between central agencies and the ministry.

Central administration and monitoring agencies such as Treasury Board and the Auditor General tend to hold the ministry and other line ministries accountable for following processes and rules, not for achieving results.

This accountability is inconsistent with the role of the ministry in managing forest and range lands. For example:

- Treasury Board holds the ministry accountable for using funds and staff for the purposes for which they were intended. There is no assessment of what results on the ground were achieved with funding or staff;
- the ministry, in reporting to the Legislative Assembly in its annual report does not compare actual results to planned targets in its annual report. Only actual results are reported, there is no commentary on whether or not these results achieved, exceeded or fell short of targets outlined in the five year plan which is also presented to the Legislature; and,
- the Office of the Auditor General, even in value for money audits, does not assess results in the field. It focuses on comparing administrative processes with its own version of administrative models.

The key point regarding central agencies is that they hold the ministry accountable in areas that do not relate to its role of managing forest and range resources. Instead, they hold the ministry accountable for following administrative process. One of the critical factors in achieving better forest and range management by the ministry is to establish a framework for holding the ministry accountable for forest and range management results.

Currently, there is no formal mechanism to measure the front line performance of the ministry. Even relatively simple measures of performance do not exist. For example, the annual report of the ministry does not compare actual activities (such as hectares of trees planted) to the figures outlined in the five-year plan submitted to the Legislature. There is no assessment by central agencies of the quality of forest and range management.

The focus within the ministry on following process is not due to the actions of central agencies alone. Over the years, previous ministry executives have allowed this focus to permeate throughout all levels of the ministry. Even if central agencies chose not to change their focus on controlling inputs, ministry executive could change the accountability structure to hold managers within the ministry responsible for achieving results.

4. Control processes and reporting systems are not designed to support a forest and range management focus

This problem, is in part, a symptom of the program dominance in the ministry and occurs in branches within operations, forestry and management services divisions. It is identified separately because, due to inertia, it will not disappear even if the program structure of the ministry is eliminated. The related administrative controls and computer systems must also be revised.

Furthermore, district staff find that some branches, such as Technical and Administrative Services, Information Systems and Human Resources tend to mirror a central agency role with their own set of administrative rules and procedures. Districts require these units to help them work within the central agency regulations. Instead, they find that these units represent another hurdle before they have to deal with central agencies.

Significant amounts of district staff time are consumed on administrative processes established by regions and branches (from all three divisions). Computer systems are designed primarily to collect information that is useful for regions and branches to administer programs. District staff perceive that they derive little value from the data bases to which they provide most of the input.

The program orientation of the ministry leads to triplicate layers of administrative and operational controls. Branches, regions and districts each operate and staff their management and control framework in order to manage activities. However, only one level, the district, is in a position to physically direct and manage resources.

The triplicate layers of administrative control and management stem from the perception that branches and regions are, in addition to districts, accountable for what happens in program areas in the districts. As branches and regions are not in a position to direct district resources on a day to day basis, they have implemented procedures on the basis that by getting districts to follow certain processes, they can control the results.

In reality, the level of adherence to procedures provides very little comfort that desired results will be followed. Due to the layers of controls, adherence to procedures will reduce the ability of the districts to produce results. Control layers at region and branch consume district staff time. As the relevant information exists at the district level, districts must feed regions and branches this information so that the latter can review and manage activities.

5. Policy setting responsibility is fragmented across the ministry

At the time the review was carried out, there were three divisions within the ministry: operations, management services and forestry. A fourth division, policy and planning, was added in the autumn of 1993.

The review identified that policy setting responsibility was fragmented between the three divisions. Forestry division sets policy relating to most aspects of forestry management except timber harvesting and engineering; the policies for which are set by operations division. Management services division sets policy relating to the management of internal resources such as personnel, facilities, computers, expenditures and most of the revenue management cycle. Policy relating to pricing, a key aspect of revenue management, is set by the operations division.

FINDINGS

Fragmentation of policy setting makes it difficult for ministry personnel to develop cohesive forest management and administrative management policies.

In addition to the fragmentation of policy setting between divisions, current policy development is also fragmented between headquarters and regional offices. Branches set ministry-wide policies whereas regional offices develop regional policies which incorporate ministry-wide policies while addressing specific regional matters.

The ministry is responsible for managing forest and range use across a diverse range of climatic, physical, economic and biological conditions. Policies must strike a balance between consistency across the province and the accommodation of significant differences in conditions. To achieve and reflect an understanding of local conditions in policies, policy setters require an understanding of major differences at the local level. However, it is not practical or desirable to have policies set by regional offices.

As regional policies are primarily set by regional and district office staff, they tend to lack a link with broader ministry policies. This can lead to inconsistencies between regional and branch policies which in turn confuses and interferes with the work of district staff.

SIX

RECOMMENDATIONS

The following recommendations together are designed to address the five fundamental problems and issues identified by the review.

Recommendation 1

Re-define the role of branch, region and district offices to:

- **eliminate the fragmentation of policy setting responsibilities in forest management and administration;**
- **clearly delineate the line and staff relationship;**
- **reduce program management orientation throughout the ministry; and,**
- **achieve greater efficiencies in the delivery of operational and administrative activities.**

RECOMMENDATIONS

The proposed structure for headquarters, regional offices and district offices is outlined below.

A. Proposed Headquarters Structure

The proposed headquarters structure is presented as follows:

1. Functional responsibilities by Assistant Deputy Minister
2. Reporting relationships and functional organization units

1. Functional Responsibilities by Assistant Deputy Minister

The essence of the role and structural changes at headquarters centres around the concept that staff will be organized into units that perform specific staff or line functions. Staff will not be organized into units that administer programs.

The proposed functions of headquarters, by Assistant Deputy Minister (ADM), are outlined in the attached functional charts. These charts identify whether the function is staff or line, and clarify the responsibilities and activities relating to each function.

PROPOSED FUNCTIONS OF CHIEF FORESTER

<i>Function</i>	<i>Chief Forester's Mandate</i>	<i>Forest Management Policy and Support</i>
<i>Responsible for:</i>	Legal obligations of Chief Forester	Forest management policy and support other than for the strategic initiatives addressed by Planning and Policy Division
<i>Type of Function</i>	Line	Staff
<i>Activities</i>	<ol style="list-style-type: none"> 1. Determine Annual Allowable Cut 2. Hear appeals 3. Determine forest inventory 4. Conduct timber supply reviews 5. Conduct research to assist Chief Forester in determining AAC 	<ol style="list-style-type: none"> 1. Set policy and standards for ministry in all aspects of forest management including: <ol style="list-style-type: none"> a) forest health; b) land use planning; c) silviculture; d) timber harvesting; e) engineering; f) recreation; g) range; h) inventory; and, i) research. Policy relates to all licensees including SBFEF 2. Work with other agencies and third parties to address issues 3. Provide technical advice to operations 4. Audit compliance with standards and policy

PROPOSED FUNCTIONS OF ADM, OPERATIONS

<i>Function Responsible for:</i>	<i>Regional and District Operations</i>	<i>Protection Services</i>	<i>Central Operations</i>
<i>Type of Function</i>	Line	Line	Line
<i>Activities</i>	<p>1. Manage performance of regions and districts in these areas:</p> <p>a) monitoring and regulation of industry activities;</p> <p>b) carrying out Ministry's on the ground activities such as Ministry silviculture obligations and construction of SBFEF roads; and,</p> <p>c) land use planning.</p>	<p>1. Set policy and standards for fire control and fire management</p> <p>2. Directly manage ground and aerial fire control bases</p> <p>3. Direct fire control resources based on relative danger</p> <p>4. Audit fire management activities of districts such as burning permit issuance, and prescribed burns.</p>	<p>Centralized activities relating to:</p> <p>a) tenure administration</p> <p>b) SBFEF</p> <p>c) nurseries and seed orchards</p> <p>1. Tenure Administration</p> <p>a) process and review license applications; and,</p> <p>b) process and review timber mark applications.</p> <p>2. SBFEF:</p> <p>a) manage major issues regarding SBFEF;</p> <p>b) co-ordinate SBFEF legal reporting requirements; and,</p> <p>c) monitor district performance in SBFEF</p> <p>3. Nurseries and seed orchards:</p> <p>a) operate seed centre, seed orchards, and nurseries</p>

PROPOSED FUNCTIONS OF ADM, POLICY AND PLANNING

Function	Corporate Policy and Planning	Aboriginal Relations
<p>Responsible for:</p> <p>Type of Function</p> <p>Activities</p>	<p>Strategic and high level corporate initiatives</p> <p>Staff</p> <p>1. Set policy for and oversee: a) forest sector strategy; b) Forest Practices Code; and, c) other strategic issues.</p> <p>2. Work with other agencies and third parties to lead major government initiatives.</p>	<p>Aboriginal discussions and negotiations involving the Ministry</p> <p>Line</p> <p>1. Lead Ministry's negotiations and discussions with aboriginal groups</p>

PROPOSED FUNCTIONS OF ADM, MANAGEMENT SERVICES

<i>Function Responsible for:</i>	<i>Administrative Policy and Support</i>	<i>Central Management Services</i>	<i>Internal Audit</i>
<i>Type of Function</i>	Staff	Line	Line
<i>Activities</i>	<p>1. Set policies and control framework for:</p> <ul style="list-style-type: none"> a) expenditures; b) revenue including scaling, cruising and price setting; c) human resources; d) facilities; e) records; and, f) computer systems. <p>2. Work with central agencies to address issues regarding administration.</p> <p>3. Provide technical advice to operations</p> <p>4. Audit compliance with administrative policies and control framework.</p> <p>5. Assist in development of budget strategy</p>	<p>1. Perform administrative functions such as:</p> <ul style="list-style-type: none"> a) preparing requests and reports to central agencies; b) operating central computer systems; c) preparing billings and resolving delinquent accounts; and, d) preparing ministry budget. 	<p>1. Carry out audits of major control and management issues as directed by the executive</p>

Two functions, "Forest Management Policy and Support" under the Chief Forester and "Administrative Management Policy and Support" under the ADM, Management Services, are designated as staff functions at headquarters. Each will perform parallel functions on the forest management and administrative management areas respectively.

Units within each of these functions will be responsible for:

- reviewing regional business plans and proposing changes to the executive;
- setting ministry and regional policy and standards;
- co-ordinating program budgets based on input provided by regional business plans;
- working jointly with other agencies to resolve issues and carry out initiatives; and,
- auditing compliance with policy and standards (including the Forest Practices Code).

Units within each of those two functions will NOT:

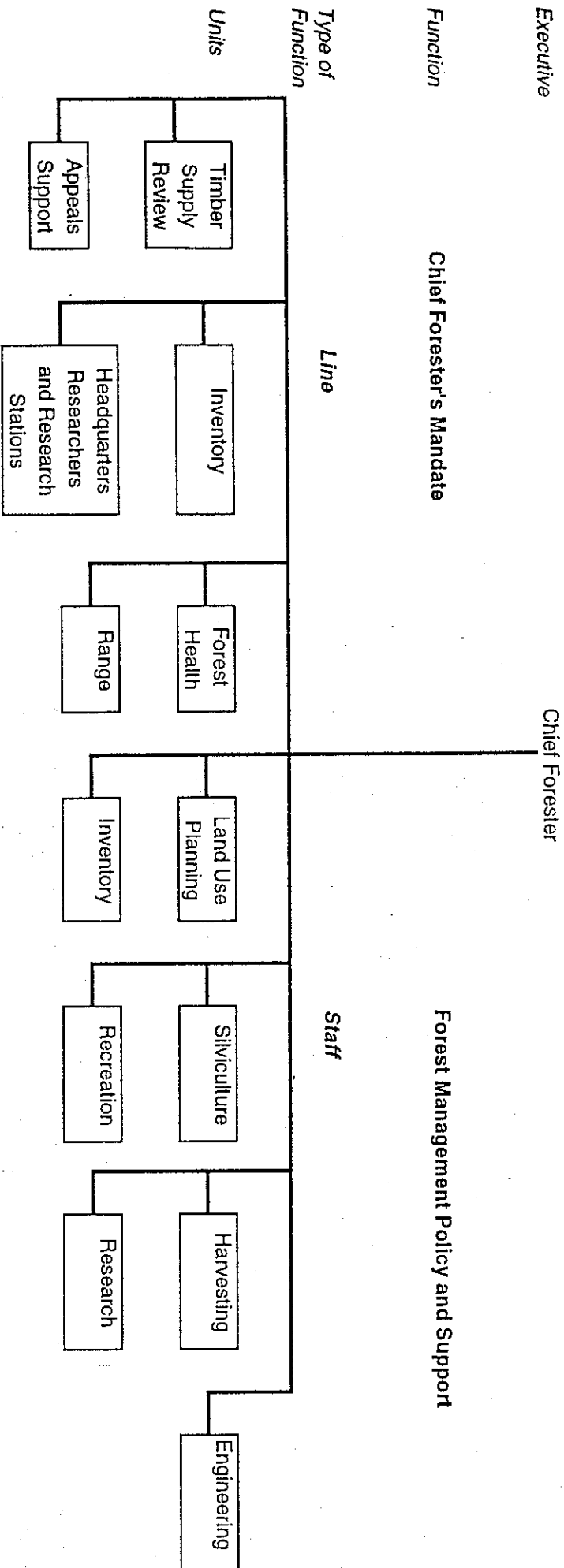
- administer or manage programs;
- allocate program resources between regions and districts;
- require regions and districts to prepare separate reports for each program on spending and activities; and,
- control or direct the use of program resources other than within their respective units.

2. Reporting Relationships and Functional Organization Units

Public Affairs Branch, pending the completion of a ministry-wide communications services review, will continue to report to the Deputy Minister. All other units at headquarters will report through one of four Assistant Deputy Ministers (ADM), each of whom will continue to report to the Deputy Minister.

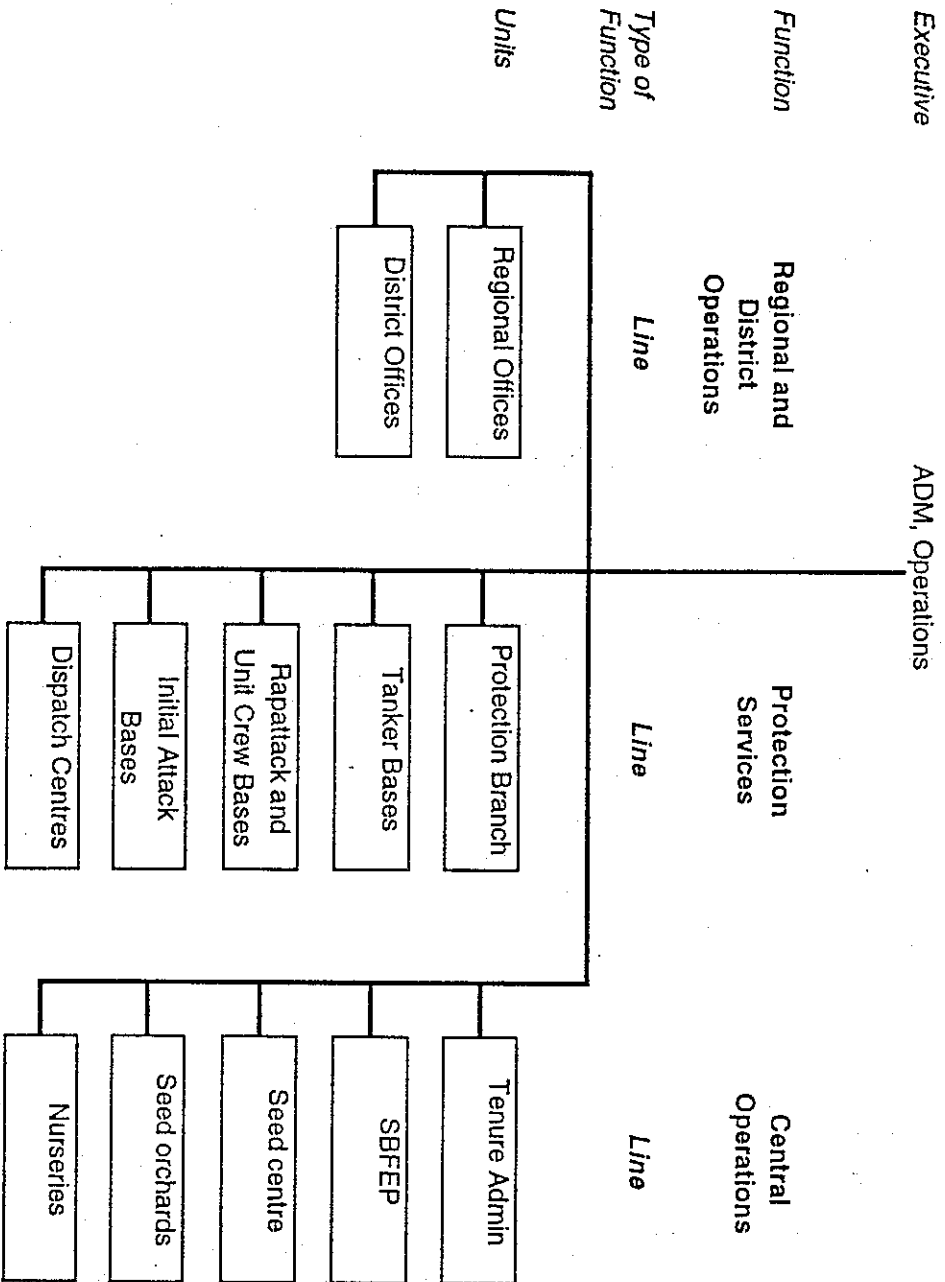
These reporting relationships and the specific functional units under each ADM are outlined in the attached charts of functional structure. Each ADM will propose to the executive how these functional units will be staffed.

FUNCTIONS OF CHIEF FORESTER PROPOSED FUNCTIONAL STRUCTURE



NOTE Each unit or box does not necessarily represent a separate branch. Executive will determine the number, composition and size of branches.

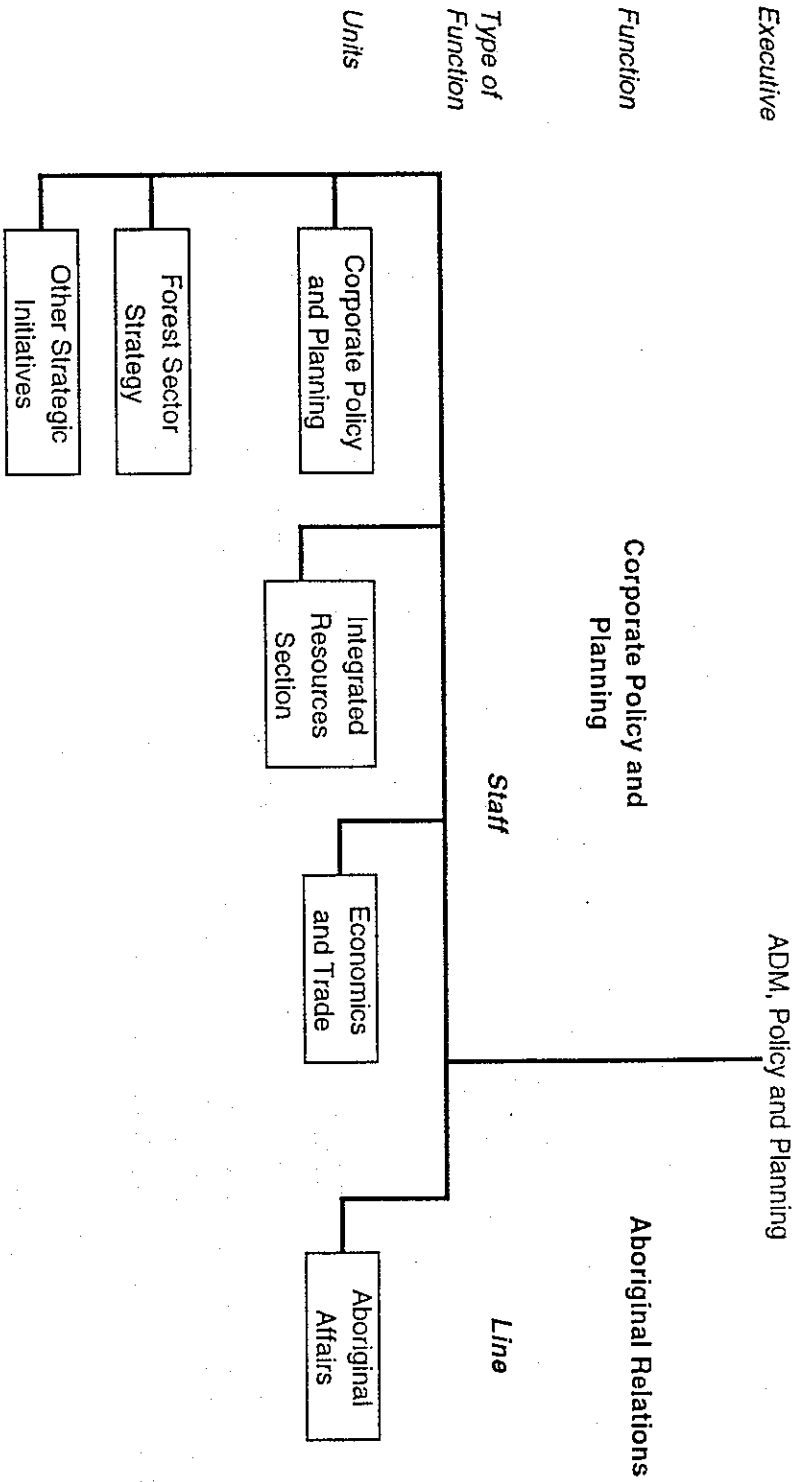
FUNCTIONS OF ADM, OPERATIONS PROPOSED FUNCTIONAL STRUCTURE



NOTE

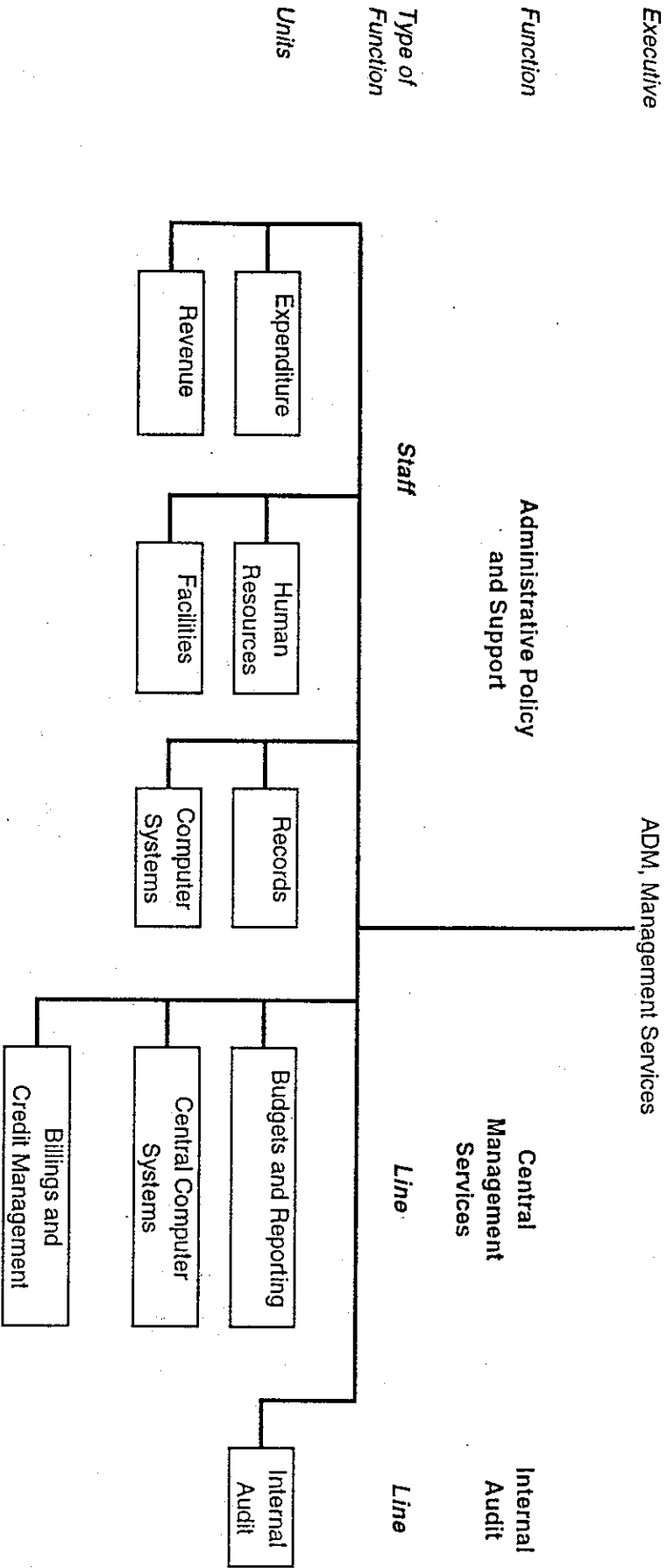
Each unit or box does not necessarily represent a separate branch.
Executive will determine the number, composition and size of branches.

**FUNCTIONS OF ADM, POLICY AND PLANNING
PROPOSED FUNCTIONAL STRUCTURE**



NOTE Each unit or box does not necessarily represent a separate branch. Executive will determine the number, composition and size of branches.

**FUNCTIONS OF ADM, MANAGEMENT SERVICES
PROPOSED FUNCTIONAL STRUCTURE**



NOTE Each unit or box does not necessarily represent a separate branch. Executive will determine the number, composition and size of branches.

B. Proposed Regional Office Structure

A region, NOT A REGIONAL OFFICE, represents an area of the province for which a regional manager will be accountable for achieving results on the ground.

To achieve these results, the regional manager will be responsible for two types of units:

- district offices; and,
- a regional office.

Accordingly, the regional manager will be accountable for all activities in the regional and district offices.

The primary point for carrying out on-the-ground forest management activities will be the district office. The essence of the change at the regional office level is that their functional scope will be narrowed to perform activities and provide support that cannot be efficiently or practically be carried out through the district organization.

Each regional office will have two primary functions:

- carry out some operations at the regional office level (including issues management) and manage district level activities; and,
- provide technical support to the districts.

The activities relating to each function are outlined on the attached functional chart.

PROPOSED FUNCTIONS OF REGIONAL OFFICES

<i>Function</i>	<i>Regional Operations</i>	<i>Technical Support</i>
<p><i>Responsible for:</i></p>	<p>Functions which cannot be efficiently or practically performed at the district level</p>	<p>Technical support and assistance to districts in forest management and office administration.</p>
<p><i>Type of Function</i></p>	<p>Line</p>	<p>Staff</p>
<p><i>Activities</i></p>	<p>1. Perform the following activities: a) operate warehouses in regional area; b) participate in land use planning at regional level (e.g. interagency planning); c) resolve regional level tenure admin issues; d) process payroll; e) maintain and operate regional-level computer systems; f) review billings data; g) complete appraisals; and, h) collect revenues.</p>	<p>1. Provide technical advice to districts when appropriate; including help interpret regional and provincial standards under the Code 2. Send staff to the field to help out during controversial issues and investigations 3. Provide advice to districts in interpreting administration policies and standards. 4. Send staff to district offices to help deliver administration activities during periods of heavy workload or vacant positions.</p>
	<p>2. Review and revise district level business plans and monitor progress on an on-going basis</p>	
	<p>3. Prepare regional business plans and budgets.</p>	

Based on this structure, the scope of regional office activities will be reduced to focus on the following:

- carry out operational and administrative tasks that cannot be carried out efficiently at the district level;
- assist district staff in interpreting ministry forest management and administrative management policies and standards;
- assist districts in carrying out forest management and administrative activities through direct on-site support when and as requested;
- develop a regional business plan and budget;
- review district business plans and budgets; and,
- monitor, throughout the year, the progress of the districts and regional office in achieving the targets identified in business plans.

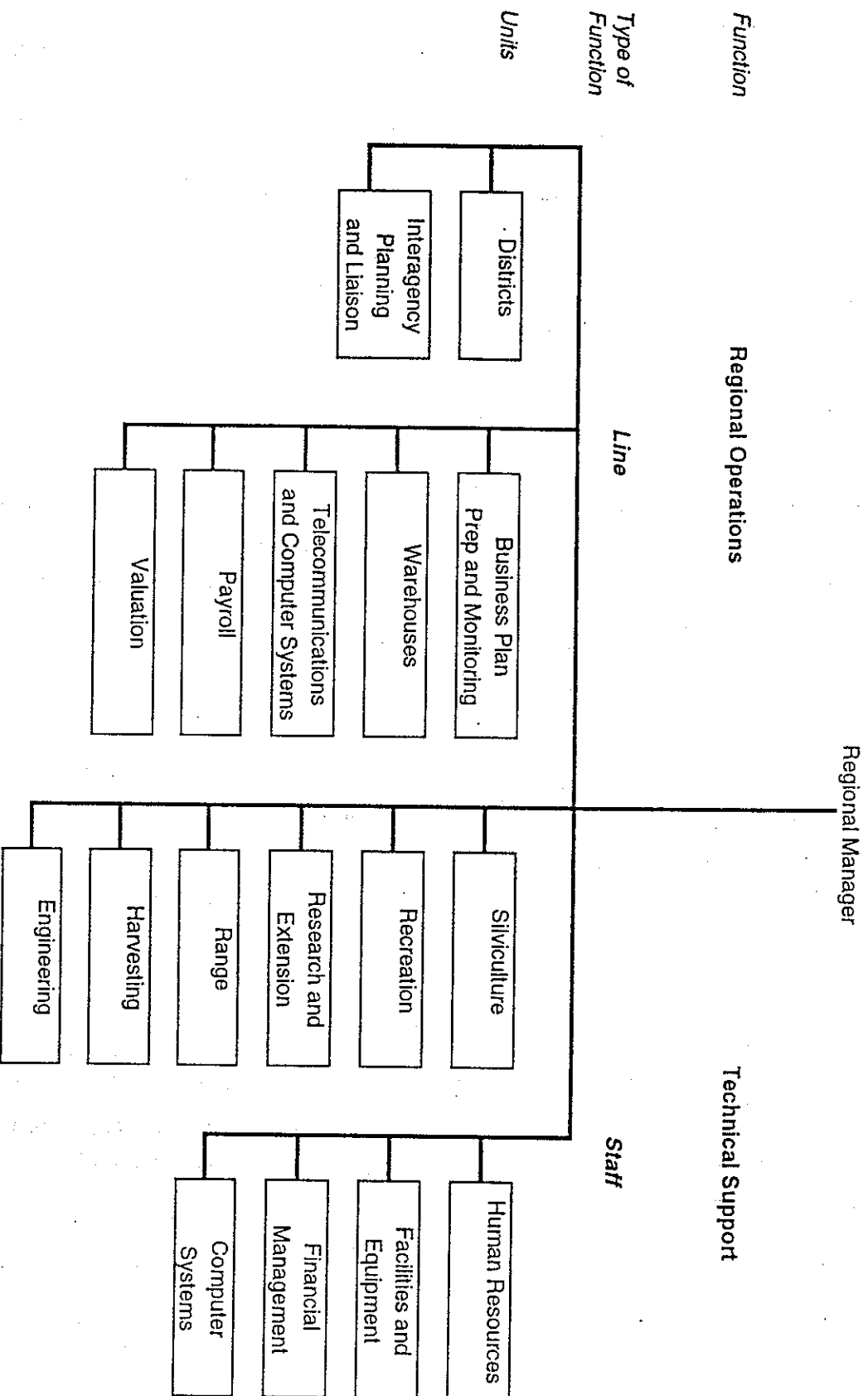
Regional offices will NOT:

- set operational or administrative policy;
- set regional budgets along program lines;
- filter communications between branches and districts. Districts will be able to call branches directly for technical advice and interpretation; and,
- audit districts for compliance with the Code and ministry policy.

These reporting relationships and the functional structure of the regional offices are outlined in the attached organization chart. The ADM, Operations will propose to the executive how the functional structure will be staffed.

Although each regional office should have the same functional units, the level and nature of staffing and other resources within each unit will likely vary between regions due to regional needs and issues.

REGIONAL OFFICE PROPOSED FUNCTIONAL STRUCTURE



NOTE

Executive, based on a proposal from the ADM, Operations, will determine the size and structure of each unit in each regional office. The size and structure of each regional office will likely vary based on regional needs and issues.

C. Proposed District Office Structure

The primary responsibilities of the district will be to:

- achieve the targets for on the ground activities as outlined in the business plan; and,
- carry out activities in accordance with ministry policies and standards.

To carry out these responsibilities, district staff will perform two fundamental functions:

- the delivery of on-the-ground forest management (including issues management support to regional management and the executive) and administrative activities; and,
- provide forestry management and administrative support to other district staff who are carrying out forest management and administrative activities.

These roles are outlined in the attached functional chart.

PROPOSED FUNCTIONS OF DISTRICT OFFICES

<i>Function Responsible for:</i>	<i>District Operations</i>	<i>Technical Support</i>
<p><i>Type of Function</i></p> <p><i>Activities</i></p>	<p>Line</p> <p>Delivery of on-the-ground forest management and office administration</p> <ol style="list-style-type: none"> 1. Carry out pre-award activities including: <ol style="list-style-type: none"> a) site inspections of cut blocks for harvesting and valuation matters; b) review of documentation such as PHSPs; c) appraisal reviews; and, d) site inspections of road and bridge locations. 2. Carry out post-award activities including monitoring and enforcement. 3. Perform forestry activities which are the responsibility of the Ministry: <ol style="list-style-type: none"> a) construction of SBFEF roads and bridges; b) re-forestation of NSR lands; and, c) participation in land use planning. 4. Perform office administration activities including: <ol style="list-style-type: none"> a) drafting silviculture contracts; b) issuing cutting permits; and, c) preparing district business plans and budgets. 	<p>Staff</p> <p>Technical support and advice to district staff involved in line functions</p> <ol style="list-style-type: none"> 1. Provide technical advice to field staff on interpreting forest management regulations, policy and standards. 2. Assist field staff in assessing more complex aspects of industry activities such as road construction; 3. Assist line staff in preparing business plans and budgets and in tracking expenditures. 4. Assist line staff in administrative issues such as budgeting and contract management

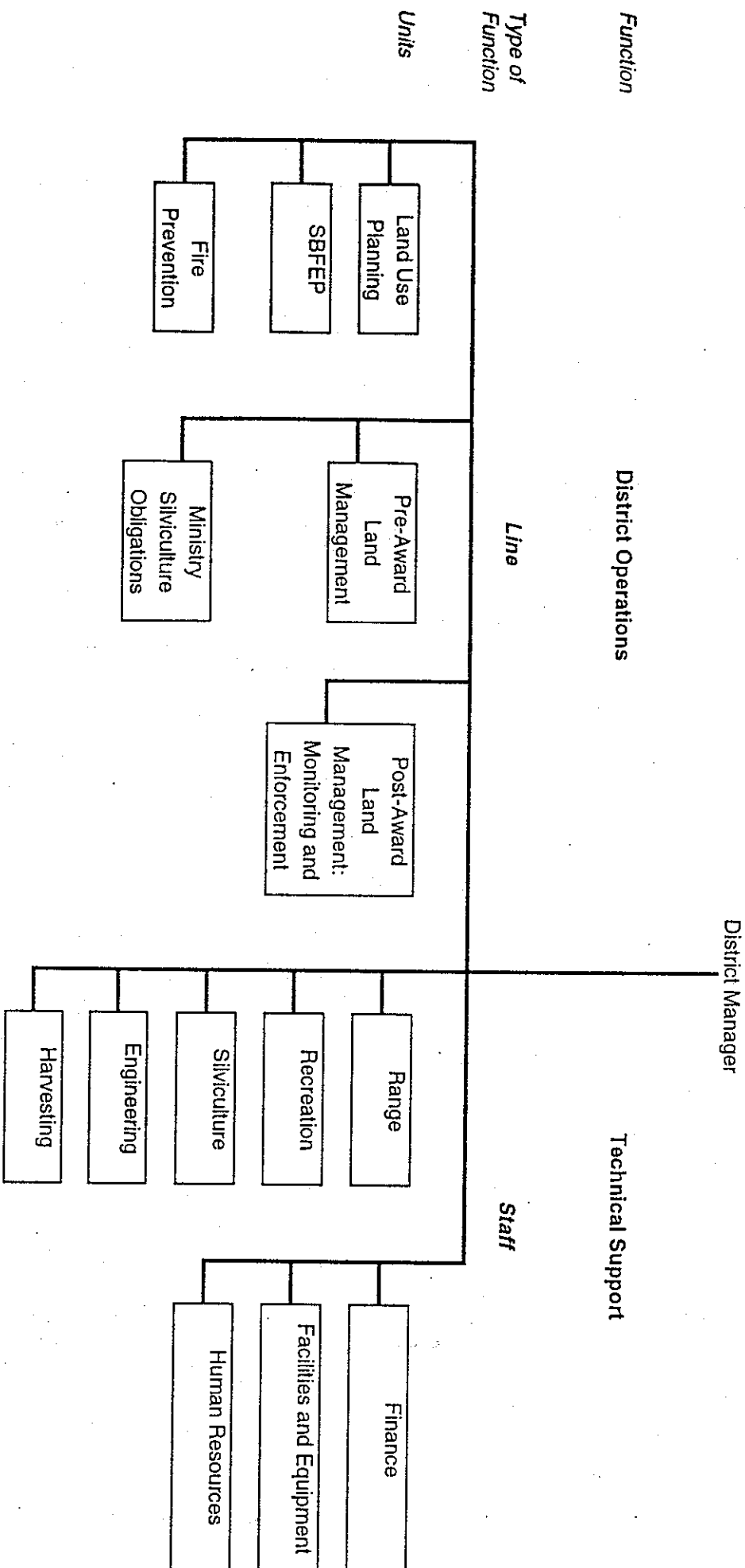
District managers will retain the flexibility to structure their districts based on the nature and volume of work in program areas and the priorities reflected in their business plans.

For illustrative purposes only, a possible district functional structure chart is attached. This conceptual organization chart assumes that separate monitoring and enforcement teams will be implemented in every district. For this reason, the on the ground management of the forest has been divided into two primary units: pre-award and post-award.

District managers should have an opportunity to propose particular organization structures to the regional managers.

The unit responsible for pre-award looks after all aspects of licensee activity up to and including the award of permits (cutting permits, grazing permits, burning permits, etc.). The post-award unit is, in effect, the monitoring and enforcement unit.

**DISTRICT OFFICE
PROPOSED FUNCTIONAL STRUCTURE**



NOTE Staffing levels and the structure of district offices will vary based on the level and nature of land management risks in each district.

Recommendation 2

Allow districts and line units to determine where to focus effort and resources based on a balance between the needs of client needs and strategic goals of government and the executive.

Districts and line units, through a business plan, will propose what results they commit to achieve and the activities they will carry out to achieve those results. Regional and district managers will be allotted a pool of staff and funding that will not be tied to specific program areas. Business plans will outline the staff resources and funding required for each activity.

Each regional manager will review and request revisions to, where appropriate, the district plans. Once agreement is reached between the regional and district managers, each region will submit a business plan to the executive. The executive will determine the allocation of resources by reviewing annual business plans.

A balance between local issues and the priorities of ministry executive, not program objectives or the priorities of individual branches, will determine the business plan targets of and resources allocated to activities by districts.

Business plans will represent a contract or commitment for a district or region to achieve a set of results with a set amount of funding. Results will be measurable and will include qualitative matters (ensuring all forest companies comply with the Code) as well as quantitative targets (number of trees planted).

Districts, regions and line units at headquarters will have freedom to shift funds between activities during the year as costs and the level of effort required to complete activities change.

Recommendation 3

Hold districts and line units accountable for achieving results.

District managers and managers of line functions will be accountable for achieving the targets put forward in their business plans. They will only be able to deviate from targets if they submitted a revised business plan during the year and the plan was approved by the regional manager. Likewise, regional managers will be accountable for achieving the targets put forward in their annual plan. Variation from the plan will only be accepted if a revised plan was submitted during the year and approved by executive.

The executive will monitor districts and regions to determine whether or not the results were achieved. Consistent under-achievers will be subjected to re-assignment or dismissal.

Results will be assessed in terms of:

- measurable performance targets; and,
- achievement of ministry policy and standards (including the Forest Practices Code).

Audits will not assess compliance with detailed ministry processes as there is not necessarily a relationship between compliance with process and good forest and administrative management. However, they will assess compliance with key operational and management controls that are designed to mitigate significant risks.

Audits will be carried out by branches to assess compliance with policy and standards. As part of this focus, audits will be designed to act as an early warning system for the executive as to where problems might be found by external auditors in the course of forest practices audits. Due to legal accountability, audits will continue to assess compliance with legislation and regulations.

Regional managers will supervise district managers to ensure that they are achieving their stated performance targets and complying with policies, standards and legislation. This supervision will occur through direct day to day management, rather than through audits.

Recommendation 4

Change accountability relationships with central agencies.

Central administration and monitoring agencies such as Treasury Board and the Auditor General tend to hold the ministry and other line ministries accountable for following processes and rules, not for achieving results.

The ministry requires an accountability framework in which the executive is assessed in terms of achieving forest and range management results within one large funding allocation ceiling. In return for this accountability, it needs the flexibility to move funds and hire staff resources to match known and emerging issues and needs.

There is no doubt that relief sought from central agency regulations and process represents a major change in how central agencies will extract accountability from the Ministry of Forests.

In order to extract accountability for results (management of the forest), central agencies should give the ministry authority to move the inputs (its staff and funds) to where it can achieve optimal results.

However, if central agencies choose not to provide relief from input controls and process, ministry executive and senior managers can make changes in the ministry's own accountability structure and management approach so that managers are held responsible for achieving results.

Risk relating to areas designed to be covered by central agencies, such as the misuse of public funds, are still risks but are not dominant. The ministry can demonstrate that those risks will continue to be mitigated. Controls could be streamlined so that only the key controls, (those that really do mitigate the risks), remain. Secondary controls could be eliminated with no increase in risk.

