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› [Directive on the Stewardship of Financial Management Systems](#)

Directive on the Stewardship of Financial Management Systems

1. Effective date

1.1 This directive takes effect on April 1st, 2023.

2. Authorities

2.1 This directive is issued pursuant to section 7 and section 11.1 of the *Financial Administration Act* (FAA).

3. Objectives and expected results

3.1 The objectives indicated in section 3 of the *Policy on Financial Management*, section 3 of the *Policy on the Planning and Management of Investments*, and section 3 of the *Policy on Service and Digital* apply to this directive.

3.2 The expected results indicated in section 3 of the *Policy on Financial Management*, section 3 of the *Policy on the Planning and Management of Investments*, and section 3 of the *Policy on Service and Digital* apply to this directive.

4. Requirements

4.1 The Chief Financial Officer is responsible for the following:

Stewardship

- 4.1.1 selecting and implementing the departmental financial and materiel management system (DFMS) in accordance with direction from the Office of the Comptroller General
- 4.1.2 engaging the departmental Chief Information Officer to ensure DFMS investments, financial management information, and data and business processes are in alignment with direction from the Office of the Chief Information Officer
- 4.1.3 managing the change management process with respect to the DFMS and the associated business requirements
- 4.1.4 ensuring governance and resources are available to support the standardization and interoperability of the DFMS, common financial management business processes, information and data
- 4.1.5 ensuring the department is a member of the applicable DFMS cluster group
- 4.1.6 ensuring the integrity of the financial management system (FMS)
- 4.1.7 providing input into annual reporting and cost model exercises on the FMS, as requested by the Office of the

Comptroller General

- 4.1.8 managing financial management information, data and business processes, in accordance with direction from the Office of the Comptroller General

Financial management system investments

- 4.1.9 seeking endorsement from the Office of the Comptroller General prior to investing in an FMS (see Appendix B: mandatory procedures for seeking endorsement of financial management system investments and Appendix C: standard on investment alignment criteria)
- 4.1.10 establishing governance structures within their department to facilitate the review and endorsement of FMS investments

Use of a financial management systems template and/or other approved solution for financial management systems

- 4.1.11 ensuring alignment of the FMS with the Financial Management Business Capability Model (FM-BCM)
- 4.1.12 ensuring the use of an FMS template and/or approved FMS solution, as defined by the Office of the Comptroller General, as the department's standardized core baseline/re-baseline
- 4.1.13 ensuring that any variances, exemptions or deviations from the intended use of the FM-BCM, an FMS template or other approved financial management system solution are sought from the Office of the Comptroller General (see Appendix B:

mandatory procedures for seeking endorsement of financial management system investments)

- 4.1.14 collaborating with the Office of the Comptroller General and other departments to continuously improve, evolve and modernize approved FMS templates

Financial management data

- 4.1.15 ensuring that departmental financial management information and data are securely managed as assets by:
 - 4.1.15.1 overseeing the design, implementation and management of financial data workflows, and managing the financial management data life cycle (including the collection, retention, storage, analysis, reporting, auditing and disposition of financial management data)
 - 4.1.15.2 ensuring that all financial management information and data from an FMS is managed and used in alignment with applicable data standards
 - 4.1.15.3 limiting customization of the FMS by ensuring that interfacing or satellite systems adjust, where necessary, to meet integration and interoperability requirements

Monitoring and reporting

- 4.1.16 ensuring compliance with this directive through monitoring, reviews, and other assessments
- 4.1.17 ensuring that mandatory procedures for host cluster departments and financial management system investments, set out in appendices A and B, are applied
- 4.1.18 providing information on their Department's FMS, as requested by the Office of the Comptroller General

Supporting workforce capacity

- 4.1.19 providing functional leadership in the department on the development and sustainability of the FMS through talent management and community development strategies
- 4.2 Senior designated officials for the management of financial management systems are responsible for the following:
- 4.2.1 ensuring that appropriate processes, procedures, tools and templates are used when integrating with or extracting information from an FMS. This includes:
 - 4.2.1.1 specifying all added information or operational requirements that impact financial and materiel management systems
 - 4.2.1.2 developing a change management process and implementation plan for all changes that impact financial and materiel management systems

- 4.2.1.3 collaborating with the Office of the Comptroller General to align with the FMS
- 4.2.1.4 seeking endorsement from the Office of the Comptroller General for any investments or operational requirements that may affect the interoperability of the FMS, including at a GC-wide level
- 4.2.1.5 consulting with the departmental chief financial officer on any data being extracted from their FMS and used by any interfacing or satellite system
- 4.2.1.6 ensuring that the central system or program system operates in alignment with the mandatory procedures set out in appendices A and B

5. Roles and responsibilities of other government organizations

5.1 Not applicable.

6. Application

6.1 The directive applies to the organizations listed in section 6 of the *Policy on Financial Management*.

7. References

7.1 Legislation

- Access to Information Act
- Canada Evidence Act
- Financial Administration Act
- Library and Archives of Canada Act
- Official Languages Act
- Personal Information Protection and Electronic Documents Act (Part 2)
- Privacy Act
- Public Service Employment Act
- Security of Information Act
- Service Fees Act
- Shared Services Canada Act
- Government Contracts Regulations

7.2 Related policy instruments

- Foundation Framework for Treasury Board Policies
- *Policy on Access to Information*
- *Policy on Communications and Federal Identity*
- *Policy on Financial Management*
- *Policy on Green Procurement*
- *Policy on Government Security*
- *Policy on the Planning and Management of Investments*
- *Policy on Official Languages*
- *Policy on Privacy Protection*
- *Policy on Results*

- *Policy on the Duty to Accommodate Persons with Disabilities in the Federal Public Service*
- *Policy on Transfer Payments*
- *Values and Ethics Code for the Public Sector*
- *Directive on the Management of Projects and Programmes*
- *Directive on Charging and Special Financial Authorities*
- *Directive on Management of Materiel*
- *Directive on Service and Digital*
- *Directive on the Management of Procurement*
- *Directive on the Management of Real Property*
- *Directive on Accounting Standards*

8. Enquiries

For interpretation of any aspect of this directive, contact TBS Public Enquiries for assistance.

- 8.1 Individuals from departments should contact their departmental headquarters for more information about this directive.
- 8.2 Individuals from departmental headquarters should contact FMT – TGF for interpretations, or:

Financial Management Transformation
Office of the Comptroller General
Treasury Board Secretariat
Ottawa ON K1A 0R5

Appendix A: mandatory procedures for host

departments

A.1 Effective Date

- A.1.1 These procedures take effect on April 1st, 2023.

A.2 Procedures

- A.2.1 These procedures provide details on the requirements set out in section 4.1.17 of the Directive on the stewardship of financial management systems.
- A.2.2 Departments that are overseeing a departmental financial and materiel management system (DFMS) for their own department or another department, must:

A.3 Multi-tenancy

- A.3.1 outline governance and expectations for tenants, as follows:
- A.3.1.1 define roles and responsibilities of the host (multi-tenant) department, tenants and/or program office
 - A.3.1.2 outline the notification rules and consequences for departments that leave a host department cluster or program early
 - A.3.1.3 implement annual planning and budgeting exercises to monitor departments within a host cluster or program to ensure funding sustainability

- A.3.1.4 separate corporate costs from host department costs, and ensure direct corporate costs begin once an onboarding department “goes live” and are charged in full
 - A.3.1.5 ensure that an appropriate governance model is in place to provide direction and oversight
 - A.3.1.6 ensure that each department has representation for each respective level of governance
- A.3.2 confirm that the host department operates in alignment with the other mandatory procedures within this policy instrument
- A.3.3 when required, provide input into annual reporting and cost model exercises on behalf of the cluster or program, as requested by the Office of the Comptroller General

Appendix B: mandatory procedures for seeking endorsement of financial management system investments

B.1 Effective Date

- B.1.1 These procedures take effect on April 1st, 2023.

B.2 Procedures

- B.2.1 These procedures provide details on the requirements set out in section 4.1.9 of the Directive on the stewardship of

financial management systems.

- B.2.2 When departments are seeking endorsement for a financial management system investment, they must:

Financial management systems investments

- B.2.3 consult key departmental stakeholders including investment management, project and program management, procurement, materiel management, real property, information technology, information and data governance, and human resources in the development of FMS investments
- B.2.4 seek endorsement from CFO departmental governance prior to submitting their investment alignment endorsement requests to the Office of the Comptroller General
- B.2.5 engage the Office of the Comptroller General early in planning FMS investments, and meet investment alignment requirements prior to submitting a concept case to the Office of the Chief Information Officer

Appendix C: standard on investment alignment criteria

Preamble

The objective of this standard is to support the development of a Financial Management Systems (FMS) investment proposal that considers:

- government-wide direction or enterprise-first principles

- the FMS from the end-to-end business process perspective
- the use of existing enterprise assets, such as templates, reference models, common business processes, data, contracts, information models.

C.1 Effective Date

C.1.1 This standard takes effect on April 1st, 2023.

C.2 Standard

C.2.1 This standard provides details on the requirements set out in 4.1.9 the Directive on the stewardship of financial management systems.

C.2.2 To seek endorsement from the Office of the Comptroller General for financial management system (FMS) investments, Chief Financial Officers (CFOs) must apply this standard as described below.

C.2.2.1 Proposals are to:

C.2.2.1.1 describe upfront investment, integration and ongoing costs

C.2.2.1.2 establish baselines (maturity level and key performance indicators) and expected results and benefits of the investment to be realized

C.2.2.1.3 describe the associated transformation and change management plan.

C.2.2.2 Proposals are to demonstrate and will be assessed against the following criteria:

- C.2.2.2.1 alignment with government direction at the time the endorsement is requested
- C.2.2.2.2 alignment with the Financial Management Business Capability Model (FM-BCM). Additionally, all requests for endorsement will be assessed by the Office of the Comptroller General (OCG) for alignment against an FMS template, business processes and technical requirements documents as necessary
- C.2.2.2.3 alignment with the Digital Comptrollership Program (DCP) Strategy, the Performance Information Profile's outcomes and priorities, the DCP Roadmap and Instance Strategy's on-boarding schedule, as well as applicable policy instruments. Proposed FMS investments should not result in solutions and business changes that could soon be rendered redundant by migration of the department to an FMS or other approved enterprise solution

- C.2.2.2.4 best value, when considered from an enterprise, end-to-end business process, perspective. This includes using the Government of Canada-wide enterprise contracts to ensure cost savings and limit landscape complexity.
- C.2.2.2.5 The following will be considered to determine best value:
 - C.2.2.2.5.1 existing solutions with equivalent needs should be adopted where available
 - C.2.2.2.5.2 investments in new capabilities should result in common and re-usable solutions
 - C.2.2.2.5.3 investments should not duplicate efforts and results delivered by other FMS investments
- C.2.2.3 Investment alignment requests pertaining to an FMS are submitted to the OCG using the approved templates.
- C.2.2.4 Requests for variances, exemptions, or deviations sought from these requirements or the intended use of the FM-BCM, an FMS template, or other

approved FMS solutions must be formally submitted through the investment alignment request process.

Date modified: 2023-04-18