



Public Performance Reporting

# Public Performance Reporting: A Management Perspective

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# Foreword

We are members of a Task Force drawn from the Governments of Alberta, Canada and Ontario.

We formed this Task Force, at the invitation of CCAF, to provide a management perspective on public performance reporting. This perspective is one of a number being sought – elected officials and legislative auditors being others – from which CCAF will develop and propose an integrated set of principles to guide performance reporting to Canadians and legislatures.

This document explains our particular viewpoint on the subject. It draws on the work of our respective governments in the area of public performance reporting, and on our perspectives and experience as senior managers who have been closely associated with this work.

Fundamentally, we see public performance reporting as an integral part of the management and governance process. As such, it serves multiple purposes, providing essential support to decision-making, program and management improvement, stewardship and public accountability.

When done thoughtfully and with regard for the needs and interests of citizens, taxpayers and their elected representatives, public reporting can be a powerful force in promoting a better understanding and conversation about performance – and how to improve it. In turn, this understanding and discussion can contribute to a better system of governance and management as a whole, and to greater public trust and confidence in that system.

We believe that the guidelines we are advocating provide a focussed and forward-looking frame of reference within which governments can advance more citizen-centered, results-oriented, well-rounded and transparent public reporting. These guidelines also support a culture of continuous learning and improvement, which is key to pursuing and achieving excellence in this vitally important area.

We hope that our advice on these matters will provide a useful basis on which to stimulate broader discussion within Canada's government management community, and with other involved communities.

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# Executive Summary

**CCAF** is conducting a multi-year research program in Public Performance Reporting<sup>1</sup>. The program is addressing several key issues, among them:

- What is reasonable to expect in terms of public performance reporting;
- The ‘human factors’ that influence its nature and use;
- The leadership needed to make progress; and
- The basis and means for developing shared understanding and consensus around an agenda for action.

An important element of this agenda is the development of principles to help guide governments in reporting publicly on their performance – to Canadians and legislatures. As input to this, CCAF is seeking the perspectives of key communities involved in the public reporting process. This includes elected officials, government management and legislative auditors.

This document provides a management perspective on the subject. It was developed by a small Task Force of deputy ministers and senior executives from the Governments of Alberta, Canada and Ontario. The reporting guidelines discussed herein – and capsulized at right – emerged from discussions at meetings held over a six-month period.

<sup>1</sup> CCAF’s information brochure, Public Performance Reporting, provides a complete description of the Program. In addition, two further documents bearing on the subject of the Task Force document have been published by CCAF: Principles for Building a Public Performance Report: A Discussion Paper from Canada’s Legislative Audit Community, and Going Public: Leadership for Transparent Government.

## GUIDELINES for PUBLIC PERFORMANCE REPORTING

### FOCUSING ON CRITICAL THINGS

- Good public performance reporting should:
  - Focus on the few, critical aspects of performance
  - Explain the basis on which these particular aspects have been chosen.

### RELATING GOALS AND RESULTS

- Good public performance reporting should:
  - State the goals and performance expectations being sought
  - Relate the results achieved to these stated goals and performance expectations.

### PUTTING RESULTS IN CONTEXT

- Good public performance reporting should put results in proper context by relating results achieved to the ongoing capacity to meet or improve on current performance expectations.
- Good public performance reporting should put results in their proper context by:
  - Explaining what the key risks are and how risk has influenced choices made in relation to policy, goals and performance expectations
  - Relating results achieved to the risks, and levels of risk, accepted.
- Good performance reporting should put results in their proper context by describing other key performance factors that are central for users to:
  - understand why the entity is doing what it is doing; and,
  - interpret the meaning and significance of the performance information being reported.

### RELATING RESOURCES TO RESULTS

- Good public performance reporting should recognize and explain the important linkage between resources and results through the integration of financial and non-financial performance information.

### PRESENTING COMPARATIVE INFORMATION

- Good public performance reporting should compare current performance to that of prior periods when such information will significantly enhance the ability of users to understand or use the performance information being reported.
- Good public performance reporting should compare performance to that of similar entities when such information will significantly enhance the ability of users to understand or use the performance information being reported.

### ADDRESSING THE RELIABILITY ISSUE

- Good public performance reporting should state the basis on which confidence is held in the reliability of the performance information being reported.

The work of the Task Force began with a discussion of a number of ‘going-in’ considerations about the nature of public performance reporting, and the environment in which it occurs. These perspectives provided a foundation for the group’s thinking about the kind and scope of reporting guidelines needed.

In all, the Task Force recommends nine guidelines that, taken together, provide a basis for good public performance reporting.

The basic messages behind these guidelines are.

- Public performance reports should have a ‘results orientation’. However, a meaningful discussion of performance needs to address more than just whether stated goals were achieved in a particular period;
- Public performance reports need to be manageable if they are going to be understandable and useful to intended users. They should seek to focus on the few, most important aspects of performance. They should provide users with the information and context they need to interpret the meaning and significance of the results that have been achieved; and
- Choices as to what to focus on and what and how to report should be deliberative and the basis for these decisions should be transparent.

The guidelines build on current thinking and practice. They seek to support, not substitute for, the judgment of those who are doing this reporting. And they provide a basis by which those reporting, and those receiving these reports, can assess progress and success in public performance reporting.

# Introduction

Conversations about government performance rarely limit themselves to a narrow understanding of results – that is; the extent to which stated goals were achieved in a particular period.

Rather, such conversations about performance within management, and with Ministers, elected representatives, and Canadians tend also to incorporate consideration of:

- The relationship between goals, performance expectations and results;
- Key strategies that were adopted to achieve goals;
- The nature and level of risks associated with programs and activities, and their implications;
- The extent to which effective control is being exercised; and
- Ongoing capacity to effectively deliver on policy and programs.

To a large degree, these elements of the ‘performance conversation’ mirror responsibilities that are increasingly accepted as being those of governing bodies and associated with notions of good governance.

If it is going to be useful, public reporting has to be able to provide a coherent view of performance – one that looks at performance through different lenses and brings them together. And doing this means that public reporting needs to draw upon and successfully integrate the perspectives and information contributions of many analytical disciplines that operate within modern government organizations.

In approaching its task of articulating guidelines, the Task Force started by identifying and discussing several ‘going-in’ considerations in relation to public performance reporting – perspectives that have influenced the Task Force’s conclusions and that should be taken into account by readers of this document. The remainder of this introductory section sets out these key considerations.

**IMPORTANCE OF A ‘RESULTS’ ORIENTATION.** The pressures of demands for accountability, coherence and consistency in government aims and actions, fiscal restraint, globalization, and rapid and continuous change are causing almost all governments to emphasize results in their approaches to governance and management.

## PUBLIC PERFORMANCE REPORTING

In this document, we refer to “public performance reporting” as the formal mechanisms that an organization uses to communicate with the public and legislatures in accordance with agreed guidelines. It is the formal response to a desire or need to report performance to those who have a legitimate interest in knowing, understanding and assessing performance, and then acting on this information.

The term “public” refers to citizens, taxpayers and their representatives.

The term “performance”, and thus performance reporting, encompasses the overall cycle of planning, implementation, assessment, learning, improvement and accountability.

The term “formal response” seeks to distinguish public performance reporting from incidental communications activities. It signals that reporting is seen as an active responsibility. Simply making information available is not reporting.

The term “legitimate interests” signals that reporting responsibilities serve an accountability relationship established by law, policy, convention or agreement.



This development represents a shift from the past when governments have focussed on resource inputs (what they spend), activities (what they do) and outputs (what they produce). There is a need to look beyond these matters, to the impacts and effects that government policies and programs have achieved. 'Results' provide an integrating focus for goal setting, program design and delivery, and performance monitoring and improvement. Similarly, results become a prism for reporting on performance to Canadians.

This emerging emphasis on results is reflected in a variety of initiatives taken by governments in recent years in relation to such matters as business planning, performance incentives, continuous improvement and quality of service.

**RESPONSIBILITY OF THE GOVERNMENT TO REPORT.** As the party to whom authority is conferred, the responsibility to report publicly on performance first falls to the government. The term 'government' as used in this context refers to the collectivity of Cabinet and senior management.

**AN INTEGRATED COMPONENT OF ACCOUNTABILITY, GOVERNANCE AND MANAGEMENT.** Public performance reporting is not an end in itself. It needs to relate to a broader accountability and communications context and, as noted above, it is closely linked to the responsibilities that are commonly associated with good governance.

Neither does public performance reporting exist in a zone apart from the management process. Rather, it is part of a management chain that links downward within an organization and, as the case may be, outwards to the overall government and beyond. It is an extension of goal setting, strategy development and implementation, and performance assessment.

Public performance reporting does not seek to create a completely new genre of information, but it is not simply an aggregation or précis of existing information. It involves rigorous thinking and careful choices about how to tailor and augment existing performance information in a way that is responsive to the needs of Canadians and their representatives.

**CLOSELY LINKED TO PUBLIC TRUST AND CONFIDENCE.** In the same fashion as public performance reporting seeks to contribute to greater public confidence in government, such confidence and trust is a fundamental building block for public reporting itself.

This is not to say that a completely positive climate must necessarily exist before public performance reporting can begin, but rather to acknowledge the symbiotic relationship between the two. In circumstances where, for instance, the public climate is highly skeptical or adverse, the challenge for performance reporting is more formidable and expectations as to the pace of progress in reporting – and the reaction to and use of the reported information – need to be formed accordingly.

**BUILDING ON EXISTING THINKING, LEARNING AND IMPROVING, AND PURSUING EXCELLENCE.**

Most would agree that public performance reporting should, for example, be unbiased and timely, and have integrity. These are traditional hallmarks of good reporting and it is from this point that the Task Force's thinking and deliberations started.

Having said this, and taking into account that the environment in which such reporting is done is ever changing, public performance reporting will always be in a state of continuous learning and improvement. Excellence will not happen at the outset, but it is important that it be aggressively pursued. Progress, not perfection, is the more appropriate expectation and measure of success.



**AS MUCH ABOUT THE PRESENT AND THE FUTURE AS IT IS ABOUT THE PAST.** Performance – and thus performance reporting – encompasses the overall cycle of planning, implementation, assessment, learning, improvement and accountability.

Governments choose and define public goals. They create strategies to achieve these goals. They implement these strategies. They assess the extent to which expected performance has been achieved. They learn from this assessment and take steps to improve performance accordingly. They report on results. They use feedback on reported performance information as input to their decision-making.

Public reporting on performance deals with all these dimensions.

**ABOUT MORE THAN ‘NUMBERS’.** The performance of many facets of government activity that are important to Canadians cannot be expressed fully and meaningfully in purely numerical terms. Explanatory context, qualitative information and analysis, and interpretation and judgment, are also vital aspects of the overall ‘performance story’.

**CAN BE REPORTED AT MANY LEVELS.** The perspective offered is that performance should be reported at the level or levels of relevance to the information’s purpose.

Depending on the circumstances, this purpose can vary. It may be to inform Canadians about key societal conditions and trends. It may be to explain the performance of government as a whole – or in relation to specific policies or sectors that involve interdepartmental, intergovernmental or other partnerships. It may be to portray the performance of individual departments or agencies, or parts of them.

**CAN SERVE MULTIPLE USES.** Canadians and their representatives have diverse interests, priorities and perspectives and will use performance information for different purposes.

For example, legislatures can use this information in the exercise of their stewardship responsibilities and in holding government to account. As well – in their role as taxpayers or citizens – Canadians may use the information in public performance reports as a basis for making important decisions or choices, for expressing views on public policy, resource allocation and delivery of programs and services, and for exercising their electoral franchise.

The focus of reporting should be driven by the likely or most important use of the information as much as by the government’s obligation to report that which it thinks is important for the public to know.

\* \* \* \* \*

These, then, are the key perspectives and considerations from which the Task Force started in its thinking about the nature of specific guidelines needed for public performance reporting.

# Guidelines for Public Performance Reporting

The reporting guidelines in this document focus on several key issues. In all, they encompass nine statements concerning characteristics that the Task Force believes good public performance reporting should have.

## *Making Reporting Meaningful for Users – Focusing on Fewer But More Critical Things*

Governments have a capacity to measure and report on a myriad of different aspects of performance at many different levels. In their totality, these can easily exceed the public's capacity to absorb and deal with this information in ways that are of genuine use to them. This is as true in the context of governing body members as it is for the public at large.

Although both are important, we need to recognize that there is a difference between reporting, and making information accessible, to elected representatives and the public.

The former reflects an obligation to report on responsibilities conferred – serving accountability relationships. The latter stems from the values that we associate with open and transparent government. Freedom of information legislation is one of the manifestations of the value that Canadians place on transparent government.

In fulfilling their obligation to report on responsibilities conferred, governments can choose to report in great detail or to exercise a measure of judgment and selectivity. Too much detail about too many things obscures, not illuminates, a proper understanding of performance. It does this by drawing attention away from that which is truly important.

The issue then becomes how to determine what these few things ought to be and how to bring a level of rigor and transparency to the selection process that will engender confidence – not suspicion – in the reporting that is made. It is insufficient to simply identify what has been decided in terms of what to report on. It is also important to explain and justify the thinking and approach followed that brought one to this decision.

Three considerations are central to determining the primary focus for the reporting. They are:

### **WHAT'S IMPORTANT TO CANADIANS AND LEGISLATURES**

Good public performance reporting needs to reflect an understanding of what report users feel they need to know, of what the report users feel they can usefully do with the information that is reported, and of how this information is used by them.

### **A WORD ABOUT ACCESS TO AND FREEDOM OF INFORMATION LEGISLATION**

In recommending a measure of selectivity in performance reporting, the Task Force is not suggesting restriction in access to information nor advocating policy positions with respect to freedom of information legislation. On the contrary, good public performance reporting should identify where there is additional available information and how it can be obtained.

Having an understanding of these matters at a point in time is important, but the situation can be dynamic and it is important to adjust that understanding based on changing trends and patterns. It is also important to recognize that reporting itself will influence the perspectives of what users believe they need, their capacity to deal with the information reported, and the purposes for which they use it.

The government's responsibility extends to more than simply providing performance information. It also includes helping users to understand this information and use it effectively. We need to marry robust reporting with good communications.

#### **CORE OBJECTIVES AND KEY RESULTS COMMITMENTS**

Good public performance reporting needs to focus on performance in relation to core objectives and key results commitments of the organization.

#### **WHAT GOVERNMENT JUDGES TO BE THE MOST IMPORTANT ASPECTS OF PERFORMANCE**

Good public performance reporting needs to reflect what government judges to be the most important aspects of performance that define the success of the organization in achieving its core objectives and meeting its performance expectations.

As noted earlier, another matter has to do with explaining – in the performance report itself – the basis for the choices made about what to focus the report on. This helps to ensure integrity and transparency in public performance reporting. In particular, the judgments that have been arrived at with respect to the three considerations noted above should be explained. As applicable, this explanation should also discuss how choices as to what to report have been influenced by widely or well-established reporting practices with respect to the core businesses concerned.

#### **GOOD PUBLIC PERFORMANCE REPORTING SHOULD:**

- **Focus on the few, critical aspects of performance**
- **Explain the basis on which these particular aspects have been chosen.**

### *Relating Goals, Performance Expectations and Results*

To make performance reporting meaningful to the public, the report needs to explain goals and performance expectations in their own right and then relate the results that have been achieved to these goals and expectations.

As noted earlier, considerable value can also accrue to governments from a results-orientation. For instance, it provides:

- A more meaningful frame of reference for explaining the business of government by shifting the discussion from what government is doing to what it is trying to accomplish;
- A sharper and more concrete basis on which to manage, to reward success and around which to build a culture of continuous learning and improvement;

- A focal point for inviting public discussion and, depending on the circumstances (e.g., legislative committees, citizen groups), participation in the public policy-setting and resource-allocation processes. The better understanding of the public viewpoint that comes from this helps the government to know whether and how it needs to more clearly communicate what it is trying to do and/or to adjust its own thinking in relation to policy directions, performance expectations or program strategy; and
- The opportunity to build public understanding and confidence around key directions to be pursued and reasonable expectations of performance to achieve in relation to these directions.

Relating actual performance to planned or expected performance is important because:

- It creates an accountability context for reporting. It tells people what has been achieved compared to what was intended;
- It provides a ‘good performance’ incentive to government. Once prospective achievement is declared, there is more likely to be a focus on its realization; and
- It provides government with an opportunity to ensure that the performance conversation it has with the public is clear, has integrity and is reasonable. It avoids the danger that government performance is gauged against unreasonable or different expectations from those that it was trying to achieve.

Reporting results and relating them to goals and performance expectations creates both opportunity and risk. The opportunity, for both governments and the public, is to engage in meaningful discussion about policy, resource allocation and performance expectations with some prospect that such discussion will influence decisions made about these matters. Legislators, for example, consistently indicate a preference for discussing performance at a time when their participation can influence future efforts and results. The risk is that criticism will follow if achievement, or the rate of achievement, falls short of declared expectations.

It is also important to recognize that many results of programs may only be achieved over relatively long periods of time. However, the reporting cycles of government are generally geared to shorter time frames. Public performance reporting needs to acknowledge this reality and have the capacity to explain how results achieved in a given reporting period contribute to these longer-term policy or program goals.

#### **GOOD PUBLIC PERFORMANCE REPORTING SHOULD:**

- **State the goals and performance expectations being sought**
- **Relate the results achieved to these stated goals and performance expectations.**

## *Putting Results in their Proper Context – Capacity, Risk and Other Key Performance Factors*

In order that Canadians and legislatures can appreciate the significance of the performance information they are receiving, it is important for them to have an understanding of the nature of the ‘business’ being reported on. This includes understanding the environment in which the organization is operating, and the key factors that shape decisions or judgments about policy directions, goals and performance expectations, implementation strategies, and results achieved.

Issues of ‘capacity’ and ‘risk’ are particularly important in this regard. Other factors may assume greater or lesser importance depending on the nature of the business concerned, the specific challenges facing that business, the involvement of other parties – partners or otherwise – whose actions influence the ability of the organization to achieve its goals, and so on.

The intention in addressing these issues in the performance report is not to burden users with a lot of background detail or to offer excuses. It is to be transparent about the key factors that influence decisions on goals, expectations and strategies – factors that, as a consequence, also become pertinent to explaining the results that have been attained. It is to put the discussion of results in proper context, and to do so in a way that helps users to interpret the meaning and judge the significance of the performance information they are receiving.

**CAPACITY to DELIVER RESULTS**

Performance reporting is not simply historical in nature. Good performance reporting needs to have a forward-looking dimension. In this context, the issue of capacity – the ongoing ability to perform well or to improve performance – becomes important.

Capacity can be a key enabling or limiting factor on the ability of an organization to deliver and achieve results. Thus, it becomes a critically important contextual factor to discuss up-front when decisions are being made in relation to goals, strategies, investments and performance expectations.

By way of illustration, ensuring capacity to deliver results can depend on having in place the proper policy instruments or collaborative arrangements, or maintaining appropriate levels of human, financial, intellectual and physical resources. In start-up situations, the development of capacity may, in itself, be an important result.

An informed understanding of performance needs to put the issues of results and capacity in proper context. This is especially important in understanding any trade-offs that may have been made, or may need to be made, between achieving shorter-term results and an ability to continue achieving acceptable results in the longer-term.

**GOOD PUBLIC PERFORMANCE REPORTING SHOULD PUT RESULTS IN THEIR PROPER CONTEXT BY RELATING RESULTS ACHIEVED TO THE ONGOING CAPACITY TO MEET OR IMPROVE ON CURRENT PERFORMANCE EXPECTATIONS.**

**RISK**

Governments make choices about what to achieve and how to achieve it. Making these choices – and explaining the results that come from these choices – invariably involves having to deal with the issue of risk.

Risk is a key ‘front-end’ consideration or factor in deciding where the organization is going, in setting goals, in developing strategies, in making resource investment decisions, and in explaining what performance expectations the organization judges to be reasonable in the circumstances.

Broadly speaking, issues of risk and related matters of control are becoming more prominent elements of the management discussion that takes place within government. To date, however, there has not been a strong tradition of discussing these issues in public performance reporting. Partly, this is because of the complexity of the issue. Partly, it is because of a lack of confidence and trust that the issue, once raised, will be dealt with

fairly and impartially. And partly, it may be about the reluctance to acknowledge that risk exists – or to share risk – both of which start to happen when the issue is given legitimacy and opened up on.

When governments decide to pursue a direction, choose a strategy and set performance expectations, they are factoring into these decisions an agreement to or acceptance of certain risks – and certain levels of risk. The reality and consequences of this need to become part of the performance conversation – both at the beginning when the goals are being established and, later, when the results achieved are being reported.

Discussion of risk takes all stakeholders into new territory. It will take time to learn how best to deal with this issue, and to build the basis of trust and shared responsibility that fosters forthright discussion about the subject.

**GOOD PUBLIC PERFORMANCE REPORTING SHOULD PUT RESULTS IN THEIR PROPER CONTEXT BY:**

- **Explaining what the key risks are and how risk has influenced choices made in relation to policy, goals and performance expectations**
- **Relating results achieved to the risks, and levels of risk, accepted.**

**OTHER KEY PERFORMANCE FACTORS**

There are other key factors that, depending on the specific circumstances, help to form the context within which the results achieved by the organization need to be discussed and understood.

Among these factors are the strategic challenges the organization is facing and the governance and accountability environment in which it is operating. Closely related to this can be the key uncertainties with which the organization must contend, and the imperatives and key planning assumptions that are driving or shaping critical decisions.

A further contextual factor arises in circumstances where the government organization is playing a ‘contributory’ role in relation to a larger or shared purpose.

It may be, for instance, that there are other ‘major players’ operating in the same general area as the organization, whose roles or actions have a significant influence on whether, how or the extent to which the organization is responding to its environment and is successful in accomplishing its goals.

Or it may be that the organization is operating within a specific partnership or collaborative arrangement with others – each making its own contribution to a shared purpose. Indeed, such arrangements are becoming an increasingly prominent aspect of the way government organizations “do business”.

In any instance, explaining the linkage between activities and results – and the ‘cause-effect’ chain from an organization’s outputs to specific outcomes attained – is a challenging proposition. The challenge increases when there are multiple players and interventions involved. It can be difficult to establish whose activities achieved what results – and which results might have happened without any intervention. And yet, it is important that governments and organizations, through their public performance reporting, seek to distinguish and report as best they can these linkages and their contribution to specific outcomes or, as the case may be, to broader societal conditions and/or shared goals.

For instance, in their performance reports, some governments and organizations are starting to discuss specific aspects of the broader societal context within which they are operating. They are reporting on specific conditions or trends using societal indicators (e.g., infant mortality, life expectancy, employment, income, etc.), pro-



viding this information as a frame of reference within which to explain choices, expectations and achievements with respect to the particular intervention for which they are responsible.

In the same fashion as the above-noted matters bear importantly on the policy development and program planning process, they are necessary aspects to the performance story being told. Having this context provides Canadians and legislatures with an essential basis to understand ‘why’ the organization is doing what it is doing. It helps them to form a view on the reasonableness of stated performance expectations, and to connect and interpret the performance information they are receiving. It gives them a frame of reference from which to make judgments about the results achieved and, potentially, the extent to which performance can be sustained or improved.

**GOOD PUBLIC PERFORMANCE REPORTING SHOULD PUT RESULTS IN THEIR PROPER CONTEXT BY DESCRIBING OTHER KEY PERFORMANCE FACTORS THAT ARE CENTRAL FOR USERS TO:**

- **Understand why the entity is doing what it is doing**
- **Interpret the meaning and significance of the performance information being reported.**

## *Relating Resources to Results*

Essentially, the financial resources that government uses can be seen as a form of “taxpayer investment.” And what the public and their representatives want to know is – what return have they received, or will they receive, for this investment.

Discussion of results without reference to the financial resources used to achieve them (or vice-versa) invites unrealistic expectations. As well, a meaningful discussion about resources and results cannot take place without also considering the strategies that have been adopted to deliver on public policy. Describing these strategies helps explain how governments intend to achieve goals and the basis on which resources are allocated, and helps to make visible key cause-effect linkages and the assumptions on which they are operating.

In trying to come to grips with this issue in public performance reporting, the tendency in the past has been to seek to address the matter in precise arithmetic terms. However, what public performance reporting needs to do is to help people understand how the nature and level of investment of resources – and the choice of tactics, strategy and activities undertaken – influence levels of results.

There is no single or simple way to put this guideline into practice. Nevertheless, the integration of this financial and non-financial performance information is central to meaningful reporting and too important an issue to shy away from.

Recently, many governments have made investments to better manage the linkages among results, strategies, activities and resources. For example, by:

- Developing business planning processes that relate resources to results on either or both a departmental or government-wide level;
- More clearly assigning direct responsibility to management with respect to performance information; and
- Re-engineering internal processes in support of more integrated business planning and reporting processes.



These investments and efforts have begun to influence public performance reporting, for example, using key strategies or core businesses as the unit for tracking and reporting on investments and outcomes.

Canadians effectively trade their tax dollars for the achievement of public interest goals – a relevant public accounting should address this relationship.

## *Presenting Comparative Information*

The inclusion of comparative information included in governments' performance reports can make that reporting all the more understandable and useful to Canadians and their elected representatives.

The most important comparison that an organization's public reporting should support is that between the results it actually achieved and those that it undertook to achieve. This dimension of comparative information has been dealt with earlier in this document.

There is, however, other important comparative information that can support the ability of Canadians and their representatives to appreciate the significance of the performance being reported. Two additional aspects of comparative information are discussed below.

### **RESULTS OF PRIOR PERIODS**

Providing comparative information that relates current results with past results helps Canadians understand whether achievement levels in respect of a particular aspect of performance are stable, improving or deteriorating. It also helps them appreciate how current-period achievements contribute to longer-term goals – in the sense of providing a clearer picture of the rate of progress being made.

In some cases, it is enough to show comparative information for a single preceding period.

In other circumstances, the length of time needed to properly gauge progress may be more than a single period – in which case it will be more appropriate to present comparative results in terms of a longer trend line. In making such comparisons, it is important to ensure that the performance information being presented has been prepared on a consistent basis.

### **RESULTS OF SIMILAR ORGANIZATIONS OR ENTITIES**

Information about the results of comparable organizations provides another point of reference that helps users to understand the significance of results achieved and performance expectations, and to use the information being reported. Depending on the circumstances, comparable organizations might be found within one's jurisdiction, in other jurisdictions, or even at the international level.

**GOOD PUBLIC PERFORMANCE REPORTING SHOULD RECOGNIZE AND EXPLAIN THE IMPORTANT LINKAGE BETWEEN RESOURCES AND RESULTS THROUGH THE INTEGRATION OF FINANCIAL AND NON-FINANCIAL PERFORMANCE INFORMATION.**

**GOOD PUBLIC PERFORMANCE REPORTING SHOULD COMPARE CURRENT PERFORMANCE TO THAT OF PRIOR PERIODS WHEN SUCH INFORMATION WILL SIGNIFICANTLY ENHANCE THE ABILITY OF USERS TO UNDERSTAND OR USE THE PERFORMANCE INFORMATION BEING REPORTED.**

Such comparisons can be made in a myriad of ways. For instance, comparisons can be made to specific organizations that are considered to have excelled in achieving results, i.e., benchmarking against “the best”. Or, it may be the case of making more general comparisons with the results of individual organizations or groups of organizations.

Many organizations benchmark their operations, or key activities, to help identify ways to perform better. Yet others prepare, or have prepared in relation to them, comparative reports on various facets of their performance. In each of these cases, knowledge and information are being created that may be useful to governments in presenting performance comparisons in their public reports. Similarly, for instance, as governments enter into cross-jurisdictional agreements, additional valuable comparative information will become available. Societal indicators (such as illustrated earlier in the section, “Other Key Performance Factors”) can serve as a starting point for making such comparisons, and then comparisons can be worked down to more detailed levels where it makes sense to do so.

The results of other organizations might desirably be included when the inclusion of such information would contribute to better understanding and use of performance reports, and when appropriate and reliable comparative information is available. Such information might have been developed, for instance, by an external and accepted source (e.g., Statistics Canada). Or, it might be comparative information that the organization has developed itself or in collaboration with others.

**GOOD PUBLIC PERFORMANCE REPORTING SHOULD COMPARE PERFORMANCE TO THAT OF SIMILAR ENTITIES WHEN SUCH INFORMATION WILL SIGNIFICANTLY ENHANCE THE ABILITY OF USERS TO UNDERSTAND OR USE THE PERFORMANCE INFORMATION BEING REPORTED.**

### *Addressing the Reliability Issue*

The issue of reliability of performance information – either in support of decision-making, program improvement or accountability reporting – is one that needs to be thought about at the front-end, not just at the point of having to make that decision or report. Several considerations enter into this thinking – for example, the nature of the performance issues concerned, the kind of information needed to support decision-making and reporting, the state of practice in performance measurement, the cost-effectiveness of alternative measurement approaches, and so on.

However, complexity and uncertainty attend much of public programming and, even with the best plans and analytical support, completely reliable information may not be available. Some things can be measured precisely and quickly; others can only be estimated. Some aspects of performance can be measured directly; others must be inferred from proxy indicators. Some linkages between government actions and results can be proved; for others, it may be more a question of persuasiveness than absolute proof.

Having said this, public performance reporting should not restrict itself only to that which can be known with absolute certainty and measured precisely. This is not to say that unreliable information should be reported, but to acknowledge that not all performance information will achieve one standard of reliability.

Performance reports should discuss the basis on which confidence is held in the reliability of performance information as it pertains to the results being reported. In providing such explanation and disclosure, it is particularly important to identify significant known caveats or limitations that might reasonably be expected to influence the judgments or decisions of users based on the information reported.

**GOOD PUBLIC PERFORMANCE REPORTING SHOULD STATE THE BASIS ON WHICH CONFIDENCE IS HELD IN THE RELIABILITY OF THE PERFORMANCE INFORMATION BEING REPORTED.**

## Moving Forward

At the beginning of this document, the Task Force identified several considerations upon which its deliberations have been based.

As a closing comment, it would be appropriate to reprise and add to some of these key perspectives. They are:

- The need to improve government reporting on performance to Canadians, and the value that can accrue to the public – and to governments – from having done so;
- The importance of the guidelines in this document as a foundation for improving the relevance, usefulness, consistency and consistent quality of government reporting on performance to the public and to legislatures;
- The investment of commitment and effort – and time – that it is going to take to apply these guidelines, improve public performance reporting, and engender public confidence in and better use of this reporting;
- The guidelines are not a substitute for sound judgment. No ‘cookie-cutter’ approach is being offered, and if applying certain aspects of the guidance contained in this document would, in the circumstances, lead to less meaningful performance reporting – then don’t;
- The need to gauge progress in terms of improvement, not perfection and, in this regard, acknowledgment that not all organizations will be at the same starting point;
- The opportunity for creative use of emerging information technology as a support to disseminating and seeking reaction to public performance reports and providing linkages to supporting information; and
- The importance of adopting a philosophy and culture of continuous learning as an integral element of the strategy for moving forward.

Developing this consultation document has been a first step. The next step is to engage broader discussion of these ideas, and the conditions and other pieces that need to be in place in order for these guidelines to be applied successfully.