



Public Performance Reporting

Principles for Building a Public Performance Report: A Discussion Paper from Canada's Legislative Audit Community

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Foreword

The Board of Governors of CCAF has approved the launch of a major program of research, capacity development and knowledge-sharing to help advance public performance reporting. In so doing, the program also seeks to build on and get full value from the substantial investments that have already been made in related processes and practices. The brochure, *Public Performance Reporting: Information for Interested Parties*, provides a description of this program and is available from CCAF on request

A key task of CCAF's program is to identify meaningful and agreed principles that can be used to establish congruence among key stakeholders, guide progress, and promote good practice in public reporting on performance.

CCAF is pleased to release this document, which Canada's legislative auditors have collectively developed as an initial contribution and support to the accomplishment of this task. The document sets out and describes elements of a framework of principles to guide public performance reporting.

Canada's legislative auditors present the ideas in this document as a start-point, not an end-point, to discussion on the subject. They and CCAF believe firmly that all key stakeholder groups (including members of the governance, management and audit communities) need to be engaged around this issue if meaningful progress is to be achieved and sustained. A key aspect of CCAF's Public Performance Reporting Program will be to encourage and create opportunities for such thinking and discussion to take place and, from this, search out the potential for an agreed set of principles that each key party would regard as a reasonable and practical basis to guide public performance reporting.

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Special recognition is also extended to the project team who developed this discussion paper: Brian Jones, Peter Gregory and Errol Price of the Office of the Auditor General of British Columbia; Ken Hoffman of the Office of the Auditor General of Alberta; and, Henno Moenting of the Office of the Auditor General of Canada. The work of the project team built on an earlier initiative of the Public Sector Accountability Study Group of the Canadian Conference of Legislative Auditors, whose contribution to this document is also acknowledged.

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Introduction

In this paper, we propose a set of elements that we believe should structure a framework of public reporting principles. Our purpose is to provide a starting point from which all interest groups — report preparers, users, auditors — can begin to discuss the nature of such principles and how they can be used in practice.

The proposal described here is based on the work of the Canadian Council of Legislative Auditors' Study Group on Public Sector Accountability. In the interests of continuing dialogue on the topic, we hope that the ideas presented in this document will serve as a reference source for various symposia, meetings and workshops that form part of CCAF's Public Performance Reporting Program.

Below, we briefly describe the importance of performance reporting, the two key levels at which the reporting should occur, and two factors that should underlie any reporting framework. In the second section, we present the characteristics that, in our opinion, should be the hallmarks of performance information (i.e., individual measures). In the third section, we present six attributes that we think should form the basis of performance reporting (i.e., information as a whole). Questions for further consideration during development of a framework of reporting principles are included in the Appendix.

The Value of Performance Reporting

Accountability — a relationship based on the obligation to demonstrate and take responsibility for performance in light of agreed expectations — is a concept fundamental to our democratic system. Accountability clearly establishes the right of the citizen to know what government intends to achieve on behalf of its citizens and how well it has met those intentions. It means that governments are answerable to their respective Parliaments or Legislative Assemblies for the way in which they manage the powers and resources entrusted to them and for the results they achieve.

Increasingly, both the public and governments themselves are recognizing the need for a full accounting of how governments and their organizations are performing. Not only is this the way to ensure that accountability requirements are adequately and meaningfully met, but such accounting can also help legislators, policy-makers and citizens debate and clarify what the role of government in society should be.

Historically, governments have reported primarily on how they have used their resources and what activities they have pursued. Today, however, a shift is taking place in many jurisdictions in Canada, the United States, and overseas. While using resources with prudence and probity remains important, greater focus is now being turned on the achievement of results, and away from emphasis on inputs and activities.

Levels of Reporting

Theoretically, performance reporting can take many forms to serve different purposes. At the very least, however, we would expect performance reporting to Legislatures to take two primary forms:

1. by the government, reporting performance information on a government-wide basis; and
- 2.. by each Minister, reporting performance information on the organizational entities responsible to the Minister.

Component 1 could include information on the government as a whole, as well as information segmented into meaningful sectors or groups of activities.

Component 2 could involve reports on each entity, reports on the portfolio of organizations under a Minister, and/or a consolidated report on a Minister's portfolio.

In this paper, we make several references to “reporting units”. A reporting unit can be a program, strategy, business unit, organization or any meaningful aggregation of these. It is intended that the key elements of performance information and performance reporting we discuss here apply to all reporting units and levels of reporting.

Underlying Considerations

Two important factors should be considered when any of the performance reporting principles described here are applied in practice.

The first is the cost/benefit of collecting and reporting performance information. There can be significant costs associated with the development and collection of such information, especially if additional or more accurate information is required. It is therefore important to establish that the benefits of having the data are likely to outweigh the costs of its collection, storage and processing. The complication is that accountability and cost/benefit goals may sometimes conflict. The evaluation of how much more benefit can be attained for how much more cost — and whether it is worth it — therefore essentially becomes a matter of judgement. However, it should be kept in mind that how the organization exercises that judgement is critical, particularly since the main beneficiaries of a public report are people outside the reporting organization.

The second factor underlying performance reporting is recognizing that an organization's choice of what performance information to report influences the behaviour of people in the organization. Thus, if something is not easy to measure — even if it is something important — it may not get reported or, worse, not done. In fact, the conscientious collection and reporting of performance information should encourage better achievement of the desired outcomes, in addition to providing a comprehensive picture of performance. It should, for example, assist managers in their decision-making, as well as satisfying external accountability requirements. It should not encourage staff to adopt inefficient or ineffective practices, which, though allowing them to achieve short-term targets, might endanger the achievement of long-term goals.

It is also important to understand that building public performance reports of the nature anticipated herein is not calling for a completely new layer or form of reporting. Rather, the expectation is that these public performance reports would be related to existing practices and processes in place for planning and budgeting, and linked or integrated into existing public reports on performance.