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INTRODUCTION

By Carolyn Kamper and Christina Zacharuk

The purpose of this document is to provide context and background about public performance reporting principles and performance measurement from the perspective of the Crown agencies and the relevant literature. This background is a basis for how the researchers framed the interview questions for interviews with Crown agencies. The researchers wanted to be as specific as possible in terms of the process and content that Crown agencies utilize when fulfilling their service plan requirements in terms of public performance reporting and performance measurement practices. The background information is also a basis for how the researchers approached the development of the Handbook on Service Plan Guidelines for Crown Agencies. This is because the literature review, findings, and analysis of the interviews had a direct impact on which areas were emphasized in the handbook.

EXECUTIVE SUMMARY

By Carolyn Kamper and Christina Zacharuk

This management report is the first team project undertaken in the Master of Public Administration (MPA) program. For this project, two MPA students worked together to develop a Handbook on Service Plan Guidelines for Crown Agencies in BC for the client. The client for this management project is the Crown Agencies Secretariat (CAS), which is a central agency within the Office of the Premier. CAS has the responsibility for strategically overseeing the system of Crown agencies (includes Crown corporations, agencies, boards, and commissions) in BC.

Recent developments in BC legislation that directly affect the mandate and responsibilities of CAS are the August 2001 amendments to the *Budget Transparency and Accountability Act* (BTAA). These amendments require government to table a three-year Strategic Plan and annual three-year service plans for ministries and government organizations with the provincial budget. One result of these amendments is a broadened mandate for CAS to include facilitation of service plans by Crown agencies in BC. CAS facilitates service plans for Crown agencies by revising and updating reporting processes and guidelines for Crown agencies and by providing advice and support in the service planning process.¹

Crown agencies have already prepared two iterations of service plans for the planning periods 2002/03 - 2004/05 and 2003/04 - 2005/06. The handbook on Service Plan Guidelines for Crown Agencies developed by this 598 management project will provide

guidance to Crown agencies for the preparation of their 2004/05 - 2006/07 Service Plan. The primary steps of the researchers in order to develop the handbook on Service Plan Guidelines were to conduct literature reviews on public performance reporting principles and performance measurement, gather data through extensive consultations with Crown agencies, consult with other internal and external stakeholders to the service planning process, draw on findings from interviews to provide a discussion on why key themes emerged from the interviews, provide recommendations to the client, and finally to produce a handbook on Service Plan Guidelines for Crown agencies. The purpose of the handbook is to provide guidance to Crown agencies on how to develop service plans. The handbook is based on the existing guidelines on service plans that CAS provided to Crown agencies in August 2002, but enhances certain areas to include a greater description of service plan elements, incorporation of new service plan elements, as well as inclusion of information modules. These information modules provide more in-depth coverage on some of the service plan elements and they also provide suggested approaches to strategic planning and performance measurement.

To support development of the handbook and to fulfill academic requirements for a 598 management report, two separate literature reviews, as well as two separate findings and discussion sections, were undertaken. One literature review and examination focuses on public performance reporting principles and the other literature review and examination focuses on performance measurement. The focus of the first literature review and the findings and discussion sections is on public performance reporting principles. This is because of a February 2002 recommendation by the Select Standing Committee on Public

¹ Crown Agencies Secretariat. 2003/04 - 2005/06 Service Plan. Government of British Columbia.

Accounts that government and the Auditor General of BC work together to develop reporting principles for the BC public sector. In addition, it was recommended that these principles be incorporated in the service plan guidelines that CAS provides to Crown agencies, as well as the service plan guidelines that the Treasury Board Staff, Ministry of Finance provides to ministries. As a result of this recommendation, the recently developed reporting principles for the public sector in BC have been incorporated into the product of this 598 management report, which is a Handbook on Service Plan Guidelines for Crown Agencies in BC.

Currently, Crown agencies do not implement these principles in their service plans, as at this time the principles are in draft form until approved by the Select Standing Committee on Public Accounts Committee. In the anticipation of approval, it is advantageous for CAS to identify whether or not Crown agencies already address some of the principles in their planning and reporting, and if not why. To address this issue, the findings and discussion section on public performance reporting principles aims to identify where Crown agencies may or may not be addressing some of the principle, as well as exploring reasons why certain themes may emerge in the interview findings.

The second literature review and findings and discussion sections focuses on performance measurement. This is because it has been raised by organizations as an area of concern either individually to senior advisors in the Crown Agencies Secretariat or collectively at annual service plans workshops. To address this concern, the literature review and findings and discussion sections related to performance measurement were undertaken to provide the context for performance measurement reporting requirements

and their history in British Columbia, identify how these requirements compare to other jurisdictions, and to identify where Crown agencies were experiencing challenges in implementing performance measurement in their organization.

The information gathered from the research and examination of public performance reporting principles and performance measurement supports the development of the Handbook for Service Plan Guidelines for Crown agencies, as it may highlight areas that require further explanation and/or enhancement.

In addition to the two separate literature reviews, findings, and discussion sections, the development of the handbook was divided so that the researchers could work separately on certain sections, as well as jointly on other sections. Carolyn Kamper undertook research and enhancement of the sections in the handbook on vision, mission, values, planning context and key strategic issues, goals, objectives and key strategies, financial summary outlook and major capital project information. Carolyn also undertook research of public performance reporting principles and provides a literature review, findings, and discussion on reporting principles. Carolyn incorporated the BC reporting principles into the handbook and developed an information module on these principles. She also developed information modules on how to develop a vision and mission, as well as how to develop the planning context.

Christina Zacharuk undertook research and enhancement of the sections in the handbook on performance measurements, targets, alignment with government's strategic plan, operating segments, summary and non-disclosure of specific information, as well as

developing information modules on logic models, performance measurements, targets, and benchmarks. Christina undertook a literature review and focused her findings and discussion on performance measurement.

The findings and discussion for both public performance reporting principles and performance measurement brought to light some key themes. The main overarching theme was the uniqueness of each Crown agency and its capacity to report on its organizational activities in its service plan. Some key themes from the discussion on public performance reporting includes strong relationships between senior management and the Board of Directors in strategic planning, the lack of formal planning system or risk management frameworks, the need for the infrastructure to be built up in order to support organizations benchmarking their performance with similar organizations, and the lack of formal approaches to ensuring that the data which supports performance measures and external benchmarks is credible. Highlights to the discussion in regards to performance measurement is that Crown agencies tracked performance prior to the amended BTAA, performance measurement needs to be embedded in the culture of the organization to be successful, organizations need to focus on what they can control and which part of the performance story that they can tell, and the large variation between organizations in their capacity and ability to effectively implement performance measurement.

In addition to their individual work, Carolyn and Christina collaborated in certain areas of the handbook, such as the introduction, glossary, and service plan checklist, as well as development of the overall recommendations for the client. Highlights of these

recommendations include the need to communicate and clarify the roles and responsibilities of stakeholders in the service planning process, the need for increased guidance on how to prioritize and report on information in plans and reports, as well as increased guidance on performance measurement.

The development of the Handbook on Service Plan Guidelines for Crown Agencies in BC will be a useful information source for Crown agencies to refer to when developing their service plan. The effectiveness of this handbook, as well as the client's role to oversee Crown agencies, will be strengthened if the recommendations included in this management report are carried out.

BACKGROUND

By Carolyn Kamper and Christina Zacharuk

The Client

The client is the Crown Agencies Secretariat (CAS), which is a central agency within the Office of the Premier. CAS has the responsibility for strategically overseeing the system of Crown agencies (includes Crown corporations, agencies, boards, and commissions) in BC. CAS also provides government and Crown agencies with the advice, information, and support necessary to promote good governance, continuous improvement, and accountability for results. One of CAS's key responsibilities in order to fulfil its mandate is to facilitate the development of service plans by Crown agencies in BC, as directed by the *Budget Transparency and Accountability Act* (BTAA). CAS facilitates service plans for Crown agencies by revising and updating reporting processes and guidelines for Crown agencies and by providing advice and support in the service planning process.²

Service Plans

The Government of British Columbia made a commitment to support openness, transparency and accountability. Recent developments in BC that evidence this commitment include a letter to ministers from the Premier, which outlines what ministers are accountable for, as well as the August 2001 amendments to the BTAA. These amendments to the BTAA require government to table a three-year Strategic Plan and annual three-year service plans for ministries and government organizations with the provincial budget. Section 13 of the amended BTAA states that annual service plans

² Crown Agencies Secretariat. 2003/04 - 2005/06 Service Plan. Government of British Columbia.

must be made public, the plan must be made public by the responsible minister, and that it must address that fiscal year and the following two fiscal years. Section 13(4) states that a service plan must include a statement of goals, specific objectives, performance measures, major capital project plans (if applicable), and other information as appropriate.³

Crown agencies have already prepared two iterations of service plans for the planning periods 2002/03 - 2004/05 and 2003/04 - 2005/06. CAS provided guidance on these service plans by providing Crown agencies with the Service Plan Guidelines for Crown Agencies in December 2001 and a revised version in August 2002 (see Appendix C of the existing service plan guidelines). The client's intention and the purpose of this 598 management report is to build on the existing service plan guidelines to create a handbook on Service Plan Guidelines for Crown Agencies. To fulfill the client's request, the researchers will develop a handbook that will enhance and revise the existing service plan guidelines and include information modules to provide organizations with more in-depth detail in certain areas. This handbook and the product of this 598 management project is intended to provide guidance to government organizations in the preparation of their 2004/05 - 2006/07 Service Plans.

³ Government of British Columbia. (August 2001). Budget Transparency and Accountability Act. Government of British Columbia.

STRATEGIC PLAN OF THE DIVISION OF LABOUR

By Carolyn Kamper and Christina Zacharuk

The following tables identify how Carolyn Kamper and Christina Zacharuk divided the work for the academic elements of the 598 management report, as well as the product of this report - a Handbook on Service Plan Guidelines for Crown agencies. Carolyn and Christina were cognizant that this was the first team 598 in the Master of Public Administration program and that it was important to fulfill individual academic requirements, as well as collaborating on other aspects of the project.

Table 1: Academic Elements In 598 Management Report

Writer Responsible	Academic Elements in 598 Management Report
Carolyn Kamper and Christina Zacharuk	Executive Summary
	Background
	Strategic Plan of the division of labour
	Methodology
	Limitations
Carolyn Kamper	Literature on Developing Public Performance Reporting Principles
	Public Performance Reporting Principles for the Public Sector in British Columbia
	Findings of Public Performance Reporting Principles Interview Data
	Discussion of Public Performance Reporting Principles Findings

Christina Zacharuk	Broad Examination of Performance Measurement and its Development in British Columbia
	Findings from Performance Measurement Interview Data
	Discussion of Performance Measurement Findings
Carolyn Kamper and Christina Zacharuk	Recommendations

Table 2: Element In Product Of 598 Management Report: *Handbook On Service Plan Guidelines For Crown Agencies*

Writer Responsible	Element in the Service Plan Handbook
Carolyn Kamper and Christina Zacharuk	Introduction
	Template of Service Plan Elements
	Accountability Statement
	Message from the CEO/President
	Table of Contents
	Minimum Content Requirements
	Approvals
	Contact List
	Timelines
	Title of Plan
	Form and Language
	Glossary
	Service Plan Checklist

Writer Responsible	Element in the Service Plan Handbook
Carolyn Kamper	Overview of the Organization
	Strategic Context
	Goals, Objectives, and Key Strategies
	Financial Summary Outlook
	Major Capital Project Information
	Approval and Publication Process
	Module 1: Reporting Principles for British Columbia
	Module 2: Vision and Mission Statements
	Module 3: Development of the Planning Context
	Module 4: Summary Financial Outlook
Christina Zacharuk	Performance Measurement, Targets, and Benchmarks
	Alignment with Government's Strategic Plan
	Operating Segments Summary Information
	Non-disclosure of Summary Information
	National Library of Canada Cataloguing in Publication Data
	Module 5: Logic Models
	Module 6: Performance Measurement
	Module 7: Performance Measures
	Module 8: Targets
	Module 9: Baselines and Benchmarking

METHODOLOGY

By Carolyn Kamper and Christina Zacharuk

This section on methodology outlines the data gathering processes used for the development of the product of this 598 management report, which is a Handbook on Service Plan Guidelines for Crown Agencies. This section identifies and explains the interview process, the consent form, interviewees and external consultation.

Introduction

The methodology of the *Development of a Handbook on Service Plan Guidelines for Crown Agencies* involved a number of phases. It began with an extensive literature review of relevant materials and legislation regarding both public performance reporting principles and performance measurement. Separate sections exist providing both literature reviews. An extensive consultation process followed, which consisted of an interview process with one or more representatives from each Crown agency. A copy of the interview questions and script can be found in Appendix B. The consultation process resulted in a thematic analysis of the interview transcripts. Again, this was separated into two components: public performance reporting principles and performance measurement. These analyses can be found in a separate section to this report. In addition to a consultation process with participants from the Crown agencies, the researchers also undertook consultation with various other experts in the field. The complete methodology is outlined below.

Interviews

Context

For the fiscal year 2002/2003, the Crown Agencies Secretariat (CAS) provided strategic planning advice on service plans to twenty-seven Crown agencies, as these organizations were legislatively required to prepare and make public a 2003/04 – 2005/06 Service Plan. In addition to these twenty-seven Crown agencies, CAS provided strategic planning advice and guidance to twenty-eight other organizations. These twenty-eight additional Crown agencies are included under the government's reporting entity and are therefore, overseen by CAS. However, at the request of CAS, these organizations are exempted from section 13 [service plans] of the *Budget Transparency and Accountability Act* (BTAA) and do not have to provide a service plan to the public. In light of there being twenty-seven crown agencies that had to prepare service plans, and to ensure that the scope of the project was manageable, the researchers and the client felt that a qualitative approach would be appropriate. It was viewed that this approach would not stretch time frames and/or resources. The decision to take a qualitative approach to the interviews and analysis was reinforced by the fact that the minimum requirement for a quantitative study is thirty cases and a maximum of twenty-seven agencies were available to participate.

Each Crown agency that was interviewed agreed to participate in a one-hour interview; therefore, the maximum time allocated for interviews was a total of twenty-seven hours. In regards to the resources made available to the researchers, the primary costs included travel to and from Vancouver and within the Victoria area. This travel was necessary because Crown agencies are located in Vancouver, Victoria, or the BC interior. Eleven

Crown agencies have their head office in the Vancouver, BC, three in the BC interior, and the remaining twelve are located in Victoria, BC. CAS funded travel to Vancouver for the researchers to conduct interviews with Crown agencies located in Vancouver. It was determined that Crown agencies with their head office in the BC interior would be interviewed over a conference call. For Crown agencies located in Victoria, the researchers met with the representatives at their offices and CAS funded transportation to and from these organizations.

The client and the researchers determined that face-to-face meetings with Crown agencies would enrich communication and enhance feedback. Similar to all ministries and government organizations, Crown agencies have experienced a transition period of government-wide restructuring and reorganizing. The CAS undertook the Core Services Review with Crown agencies and as a result many organizations were realigned to government's overall strategic direction. Realignment refers to winding-down the Crown agency, increased budgetary constraints, and/or strategic shifts in the overall direction of the Crown agency. In light of the recent and on-going restructuring period for Crown agencies, the client and the researchers felt that meeting service plan contacts in their own organization would elicit a higher comfort level for interviewees and would promote a more informal atmosphere in order to enhance discussion.

The Chief Executive Officers of each Crown agency was contacted via e-mail in December 2002 by the Chief Executive Officer of CAS to introduce CAS's initiative to revise and enhance the existing service plan guidelines (see Appendix C). At this time, the Chief Executive Officer of each Crown agency was asked to e-mail Carolyn Kamper

with the individual responsible for the service planning process who would be available to participate in the interview. A follow-up e-mail was sent January 2003 to request that interviewees set up a time and place that would be convenient for them to meet with the researchers for a one hour interview (see Appendix A). One of the major Crown agencies, BC Ferries Corporation, was not contacted to participate in the consultation process, as they were not required to provide a 2003/04 – 2005/06 Service Plan. This is because, as of April 1, 2003, the BC Ferry Corporation will become a regulated corporation under the *BC Company Act* and will be renamed BC Ferry Services and will be outside government's summary reporting entity. Nine other Crown agencies either did not respond to the invitation to participate or cited scheduling difficulties and/or reorganization as reasons why they declined to participate.

Interview Process

In total, sixteen Crown agencies volunteered to be part of the process to revise the existing service plan guidelines. The total number of interviewees from these sixteen Crown agencies was twenty-seven. Because the interviews were scheduled during a time when deadlines for service plans and budgets are also scheduled, the researchers were satisfied that 59% of eligible Crown agencies found time to participate in the interviews. The Crown agencies that are situated in Vancouver were given three days from which to choose times that would be most convenient. The researchers traveled to Vancouver on behalf of CAS and conducted the interviews in person at each Crown agency. The interviews conducted in Vancouver were scheduled on January 29, 30 and 31. However, CAS requested that Crown agencies provide their final board approved service plans in electronic format to their office by January 31. The service plan deadline was a challenge

for some Crown agencies to meet due to organizational restructuring and resource constraints and many service plans were being completed until the close of business on January 31. Unfortunately, the researchers scheduled and conducted four interviews on January 31. In hindsight, the researchers recognize that this scheduling may have taken available time and resources away from the preparation of the service plan, as interviewees met with the researchers instead of working on service plans.

To avoid scheduling conflicts, as had occurred for the Vancouver interviews, the interviews in Victoria were scheduled well after the final board approved service plans were due to CAS. The researchers chose to wait two weeks before contacting Crown agencies in Victoria and at that time, set up a time that was convenient for the Crown agency to meet.

Consent Form

In the December 2002 e-mail from the CAS's Chief Executive Officer and the follow-up e-mail from the researchers in January 2003, it was explained that CAS's initiative to revise the Service Plan Guidelines for BC would also be used as part of a 598 Management Report for the researchers. To preface each interview, the researchers reiterated and explained both the purpose of the interview and how CAS's initiative was also part of a requirement for the 598 Management Report in the Master of Public Administration program at the University of Victoria. The researchers explained that the Ethics Committee at the University of Victoria required signed consent forms from each of the participants. The initial e-mails to Crown agencies to introduce to them the project did not mention the consent form; this was not meant to deceive the participants in any

way. Rather, discussions between the researchers and the client resulted in a decision that due to the sensitive nature of the information that the Crown agencies would be sharing with the researchers, it would be preferable to explain the consent form in person. This would enable interviewees to read the consent form in person and ask any questions that they may have right away. The consent form and the researchers reinforced that the confidentiality of the interviewees would be protected. This means that no identifying remarks and/or phrases or names would be used in the transcripts or quotes or statements attributed to an organization. It was also explained, however, that we were not able to protect the anonymity of interviewees, as CAS representatives were aware of who was being interviewed at each organization. The selection process (request to volunteer) and the fact that the service plan revisions were both an academic endeavour and a CAS initiative, did not allow for anonymity. It was also emphasized by the researchers that if participants chose not to sign the consent form, the information gathered would not be reflected in the 598 management report analysis, but would be used to enhance the guidelines.

Some of the interviewees were taking university courses themselves and did not hesitate to sign the consent form. Two interviewees had some reservations about the form and asked if they could read it later. In this case, the interviewees were asked to please take the time to read it, in order for the researchers to ascertain whether or not the information could be used for academic purposes. Both interviewees read the form and then signed it; their concern was not one of confidentiality, but rather one of convenience. One Crown agency was particularly concerned about confidentiality issues and chose not to sign the

consent form. As the consent form explicitly states that nothing will be used for academic purposes if the consent form was not signed, the researchers decided that it would be prudent to omit their input from any analysis in order to ease their concerns.

Interviewees

The interviewees ranged from managers to directors to the Chief Executive Officer. All Crown agency representatives had some level of direct input into the strategic planning and management process. In addition, all interviewees spoke freely and appeared willing to share information with the researchers. The interviews were one hour long and all except two stayed within this time frame. In these cases, the interviewees wanted to provide further explanation and information and the interviews took longer than an hour. The interviews were split into two sections: the first half concerned questions around the organization's planning processes and public performance reporting. During the first set of questions, Carolyn would ask the question and Christina took hand written notes. The second section concerned questions about performance measurement. At this time, Carolyn and Christina reversed roles, with Christina asking questions and Carolyn taking hand written notes. None of the interviews were audio or video taped.

External Consultation

In addition to consultation with participants from the Crown agencies, the researchers also consulted with various other experts in the field of public performance reporting and performance measurement. This consultation was intended to enhance the theoretical research and practical examples from the literature that had already been gathered. It was

also intended to contribute to and enhance the qualitative data gathered from the interviews.

The researchers consulted with a number of external (external meaning those individuals who do not work at CAS) experts in the field. These individuals included consultants in the field that specialize in dealing with public sector contracts, the previous Auditor General, George Morfitt, a number of MPA graduates working for the provincial government, and other individuals working in the ministries with experience in these two areas. These names were generally gathered by an informal snowball effect, where the client or other individuals in CAS made suggestions for potential contacts. The researchers also consulted with a number of internal (internal meaning those individuals working at CAS) individuals who were able to offer input, feedback, and experience to the research.

LIMITATIONS

By Carolyn Kamper and Christina Zacharuk

The limitations section of the report outlines the various limitations that the researchers recognize as being related to the methodology chosen. This section also identifies limitations that were unforeseen at the onset of the research, but became evident during the processes and through hindsight.

The use of only one research technique inherently has certain limitations. In the case of this project, only qualitative techniques were used, bringing with it the subjectivity issues that are always present when doing semi-structured interviews. In addition to the issue of subjectivity, four limitations have been identified that may affect this project. These four limitations are mutually inclusive and will therefore not be discussed separately.

Two limitations exist regarding the process of developing and delivering the questions in the interview template. The first limitation is regarding the prerequisite to the 598 management report, which is to gain the University of Victoria Ethics Committee approval of an ethics application. This application includes the interview template and the approval process may take up to six to eight weeks. As, the client had determined the timeframe for the project to include seven weeks, from January 1, 2003 to February 21, 2003, the researchers were under a time constraint to develop the questions. Therefore, the researchers had to develop the interview questions with only a preliminary review of the relevant literature and/or best practices in order to have the ethics application approved by January 1, 2003. More time to undertake a study and review of the relevant

research and literature would have enabled the researchers to take more time to develop the questions and to ensure that they appropriately addressed the research issues. The second limitation is regarding the delivery of the interview questions. In this case, the client and the researchers felt that it would be appropriate and courteous to provide the interviewees with the questions ahead of time. In many of the interviews, the respondents had discussed the questions either as a panel or with co-workers in advance so as to prepare for the interview. The limitations of this were twofold: this preparation limited the amount of spontaneity that is often available in face-to-face interviews, and the amount of leverage that the interviewers had to probe, ask other open-ended questions, or even alter the phrasing of the questions was quite limited.

In addition to the restrictive nature of the questions due to development and delivery limitations on the interview template, the interviews were not tape recorded to ensure that the respondents were comfortable in the interview process. This was done as the project was a central agency initiative and the researchers sensed that many organizations felt the potential for judgement or assessment of their practices existed. Although one researcher took notes while the other asked questions, complete accuracy in terms of the recording of responses may have been affected.

Added to this was the notion that since this project was a central agency initiative, some respondents displayed a certain amount of defensiveness and had reservations about the use of the interview data gathered. Therefore, there was a potential that interviewees were guarded in their responses and responded in way that they felt they should, as representatives of their organization, rather than in a spontaneous manner.

Finally, the scheduling also provided limitations. The time line for completing the project fell at the same time that organizations were required to submit annual service plans. Therefore, some of the organizations were unable to participate in the interviews due to scheduling conflicts and time restrictions.

DEVELOPING PUBLIC PERFORMANCE REPORTING PRINCIPLES

By Carolyn Kamper

This section begins with a literature review on public performance reporting principles and concludes with a review of the public performance reporting principles that were recently proposed by the Steering Committee on Reporting Principles and Assurance for the public sector in BC. The focus of this literature review and subsequent discussion on the reporting principles for BC is because of a recommendation that the Select Standing Committee on Public Accounts made in February 2002. This recommendation was that government and the Auditor General of BC work together to develop principles for the BC public sector and that these principles should be incorporated into guidelines for service plans and annual service plan reports. As a result of this recommendation, the recently developed reporting principles for the public sector in BC have been incorporated into the product of this 598 management report, which is a Handbook on Service Plan Guidelines for Crown Agencies in BC.

Introduction

Public performance reporting is a critical element of how government and public institutions report to its citizens and how citizens hold these organizations accountable for their activities and expectations. This literature review provides some introductory information on public performance reporting, such as: what it is; why report publicly,

what principles are useful to performance reporting; and who is interested in public performance reporting. In the discussion on who is interested in performance reporting, the differences between the emerging national reporting principles developed by the CCAF-FCVI (formerly the Canadian Comprehensive Auditing Foundation) and the recently proposed public performance reporting principles for the BC public sector are explored. The literature review on public performance reporting principles concludes with examples of other jurisdiction initiatives in reporting performance, as well as obstacles to the implementation of good performance reporting.

This literature review focuses on public performance reporting principles because of a recommendation that was made by the Select Standing Committee on Public Accounts in response to the November 2001 report of the Auditor General entitled *Building Better Reports - Public Performance Reporting Practices in British Columbia* (2001/2002, Report 3). This report by the Auditor General of BC assessed the level of reporting in annual service plan reports and performance plans of some ministries and government organizations and concluded with recommendations for government. In response to this report, the Select Standing Committee on Public Accounts made some of their own recommendations, which were reported in their February 2002 Report to the Legislative Assembly entitled *Review of Auditor General Reports*. One of these recommendations was that government and the Auditor General of BC work together to develop public performance reporting principles for the BC public sector and to incorporate these principles into the guidelines for service plans and annual service plan reports.

Therefore, the recommendation to include these reporting principles in service plan guidelines affects the development of the Handbook on Service Plan Guidelines for

Crown Agencies and therefore, warrants a literature review on public performance reporting principles. At the conclusion of the literature review, there is a discussion on the public performance reporting principles that were developed for the BC public sector. This is because these principles are incorporated into the product of this 598 management report, which is a Handbook on Service Plan Guidelines for Crown Agencies in BC.

In developing this literature review, a review of the relevant legislation and literature from the Government of BC on public performance reporting principles was undertaken. The literature review included past and proposed government initiatives, existing guidelines on service plans and annual service plan reports provided to Crown agencies by CAS and those provided to ministries by Treasury Board Staff, Ministry of Finance. Any other Government of BC reports and publications that relate to these two areas were also reviewed, such as reports and publications provided by central agencies, individual ministries and Crown corporations, and the Office of Auditor General of BC. In addition, a literature review was undertaken to review and study best practices in other jurisdictions. This review included practices and literature that pertains to public sector organizations in other jurisdictions, specifically the Government of Alberta, the Government of Canada, and the United States.

Lastly, this literature review also draws on the discussions and supporting documentations of two sub-committees that were formed to develop reporting principles for BC and an assurance program. These sub-committees are the result of the Select Standing Committee on Public Accounts' recommendation that government work with the Auditor General and legislators to develop public performance reporting principles

for the BC public sector and to develop an assurance program. A Steering Committee on Reporting Principles and Assurance Program was formed for this purpose.⁴ To support this Steering Committee, two sub-committees were formed, one for reporting principles and the other one for assurance. Each of the sub-committees consists of approximately six members who are senior government officials and representatives from the Office of the Auditor General of BC. The writer of this literature review is currently a member of the Sub-Committee on Reporting Principles, as a representative of CAS, and has participated in the majority of the discussions to develop the reporting principles for BC, as well as the preparation of any supporting documentation. The writer of this literature review also currently participates on the Sub-Committee on Assurance on behalf of an Executive Director at CAS. Therefore, the writer of this literature review drew on the unique insights and experiences that she obtained from being part of these sub-committees. In addition, the writer drew on the documents that she helped to prepare for the sub-committees.

What is Performance Reporting?

There is a well recognized and widely used framework for organizations to use for financial reporting. This framework was established by the Canadian Institute of Chartered Accountants and identifies the generally accepted accounting principles that are used in both the private and public sectors. However, organizations are looking for guidance on how to report other performance information that may be non-financial in nature. Indeed, the Auditor General of BC reports that it is not enough for organizations

⁴ Prepared by the Sub Committee on Reporting Principles. Public Performance Reporting Principles for British Columbia's Public Sector. (January 2003). Draft for Comment. Prepared for the Steering

to identify how much money was spent and that "full accountability is achieved when organizations report what has been achieved with the money spent - in other words, when government is accountable for its results".⁵ These comments corroborate the call from government and government organizations for more guidance on performance reporting.

To begin a discussion on public performance reporting, it is necessary to first define what it means. One definition of public performance reporting is:

formal mechanisms that a government 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.⁶

This definition means that public performance reporting is critical to both public performance report users and public performance report writers. It provides generally accepted methods of communicating with stakeholders and reporting performance. Generally accepted and recognized methods of performance reporting provide a robust and respected format of preparing and writing performance reports. In addition to informing the public, a respected format for performance reporting can increase the public's confidence in government reports. Widely recognized methods of performance reporting also give government a framework that helps to convey its performance information in a "performance story" for its stakeholders.⁷

Committee on Reporting Principles and Assurance Program. Prepared by the Sub-Committee on Reporting Principles.

⁵ Office of the Auditor General of British Columbia. (2002). Background to the Approach Used by the Auditor General in Relation to the 2001/2002 Performance Report of the Public Guardian and Trustee. Government of British Columbia. <http://www.bcauditor.com/Performance/Oct2002.htm>

⁶ CCAF-FCVI. (2002). Informing Canadians About Public Sector Performance: A CCAF Research and Capacity Development Program. www.ccaf-fcvi.com.

⁷ Prepared by the Sub-Committee on Reporting Principles. (January 2003). Public Performance Reporting Principles for British Columbia's Public Sector. Draft for Comment. Prepared for the Steering Committee on Reporting Principles and Assurance Program.

Public performance reporting also helps those individuals that write and prepare performance reports.⁸ This is because it provides governments with a reporting framework that offers two key advantages to government. The first advantage is that a reporting framework gives individuals who prepare reports a basis on which to prepare them, as well as an understanding of how the users of the performance reports will interpret them. Indeed, this understanding of how to prepare reports and how the reports will be interpreted helps to support effective governance and management in government.⁹ The second advantage of a reporting framework for government is that it can be useful for all types reports, not just performance reports. Other reports that may benefit from a performance reporting framework include other formal reporting instruments, such as budget documents, business plans, service plans, annual reports, and annual service plan reports.¹⁰

Why report performance?

In April 2002, the Auditor General of Canada reported "good performance reporting is fundamental to effective accountability to Parliament for the decisions and actions of government."¹¹ Furthermore, by increasing the level of accountability through credible performance reporting, the reliability and fairness of performance information also

⁸ Government of British Columbia and the Auditor General of British Columbia. (March 2003). Progress Report on the February 2002 Recommendations to the Public Accounts Committee of British Columbia Related to Building Better Reports. Government of British Columbia.

⁹ Prepared by the Sub-Committee on Reporting Principles. (January 2003). Public Performance Reporting Principles for British Columbia's Public Sector. Draft for Comment. Prepared for the Steering Committee on Reporting Principles and Assurance Program.

¹⁰ CCAF-FCVI. (2002). Informing Canadians About Public Sector Performance: A CCAF Research and Capacity Development Program. www.ccaf-fcvi.com.

¹¹ Auditor General of Canada. (April 2002). A Model for Rating Departmental Performance Reports. April 2002 Report - Chapter 6. Government of Canada.

increases.¹² The Controller and Auditor-General of New Zealand also asserts that performance reporting increases accountability and that the public sector needs to report performance externally for three reasons. These reasons include allowing external stakeholders to make informed judgments about public entity achievements and public resources, to reflect the intent of legislation and political direction, and to set an example in complying with statute.¹³

In reviewing the comments from the Auditor General of Canada and the Controller and Auditor-General of New Zealand on performance reporting, it appears that performance reporting is mainly focused on increasing accountability. However, another reason why organizations should undertake good performance reporting is that good public performance reporting can enhance the overall quality of reports so that organizations can use their reports as strategic management tools. For example, the majority of performance reports provide performance measures and targets, which hold organizations accountable for the results achieved. However, these performance measures and targets also create strategic focus within organizations to align business units and individuals with the performance objectives of the organization and government as a whole.¹⁴

¹² Government of British Columbia and the Auditor General of British Columbia. (March 2003). Progress Report on the February 2002 Recommendations to the Public Accounts Committee of British Columbia Related to Building Better Reports. Government of British Columbia.

¹³ Report of the Controller and Auditor-General Tumuaki o te Mana Arotake, New Zealand. (January 2002). Reporting Public Sector Performance - 2nd edition. Government of New Zealand.

¹⁴ Government of British Columbia and the Auditor General of British Columbia. (March 2003). Progress Report on the February 2002 Recommendations to the Public Accounts Committee of British Columbia Related to Building Better Reports. Government of British Columbia.

Why Principles are Useful to Public Performance Reporting

To ensure that government and public institutions report on their performance in a structured and comparable manner, it is helpful for these organizations to have a set of principles which guides the context and format of their reporting.¹⁵ Research that the CCAF undertook on public performance reporting identified three general reasons why principles are important to public performance reporting. The CCAF concludes that principles:

- Determine the extent to which reporting provides the necessary discipline to support and sustain risk-reward regimes;
- Help reporters make good judgements and gives them grounds for confidence that their judgements will be fairly received; and
- Shape the evolution of reporting as gradually, over time, principles evolve into standards.¹⁶

According to the Performance Reporting Principles and Assurance Steering Committee that was convened to develop a set of reporting principles for the BC public sector, principles are defined as "the fundamental tenets that guide public performance reporting practice. They will provide a general frame of reference to assist those who prepare performance reports and those who use them".¹⁷

¹⁵ CCAF-FCVI. Informing Canadians About Public Sector Performance: A CCAF Research and Capacity Development Program. Information for Interested Parties. www.ccaf-fcvi.com.

¹⁶Prepared by the Sub-Committee on Reporting Principles. (January 2003). Public Performance Reporting Principles for British Columbia's Public Sector. Draft for Comment. Prepared for the Steering Committee on Reporting Principles and Assurance Program.

Who is interested in Public Performance Reporting?

The stakeholders interested in public performance reporting include both the individuals that write and prepare performance reports, as well as individuals who use the performance. Examples of individuals who use performance reports include elected representatives and members of governing bodies, public sector Auditors' Generals, the general public, and the media and interest groups. In Canada, there has been particular interest to develop public performance reporting principles by the CCAF and the Government of BC. Other jurisdictions that have initiatives to develop public performance reporting principles include the Government of Alberta, Government of Canada, and the United States.

CCAF-FCVI

The CCAF-FCVI (CCAF) is a national non-profit research and education foundation. In 1998, the CCAF began a program of research and development of public performance reporting. The CCAF initiated this program because it viewed that government and public sector institutions should improve how they report their performance to:

- More closely connect public reporting to their approaches to governance and management;
- Focus reporting more sharply on important issues that bear on public confidence;
- and

¹⁷ Project Statement and Terms of Reference. Performance Reporting Principles and Assurance Steering Committee.

- More effectively frame and support a constructive and informed performance conversation.¹⁸

The CCAF undertook extensive consultations with individuals who direct the performance of government and their public reporting processes. This included consultations with Canada's federal and provincial legislative auditors, senior representatives from six provincial governments and the federal government, and all Canadian legislatures through the chairs and vice-chairs of their Public Accounts Committees. Nine principles were developed as a result of these consultations. The purpose of these principles is to provide direction in public performance reporting in Canada.¹⁹

A summary of the CCAF's nine public performance reporting principles, as outlined in their 2002 report entitled *Reporting Principles: Taking Public Performance Reporting to a New Level*, are provided below.²⁰ The purpose of the following summary is to identify and explain the CCAF's nine reporting principles because these principles provided the framework for developing the public performance reporting principles for the public sector in BC. Further discussion on how the BC reporting principles were developed and how they differ from the CCAF principles is provided after this literature review. The

¹⁸ CCAF-FCVI. Informing Canadians About Public Sector Performance: A CCAF Research and Capacity Development Program. Information for Interested Parties. www.ccaf-fcvi.com.

¹⁹ Ibid.

²⁰ CCAF-FCVI. (2002). Reporting Principles. Taking Public Performance Reporting to a New Level. CCAF-FCVI. www.ccaf-fcvi.com.

CCAF's nine reporting principles are as follows:

1. Focus on the few critical aspects of performance:

To ensure that the public can easily understand how an organization is performing, it is necessary that organizations clearly outline their organizational objectives and report on their performance in a comprehensive, yet clear and concise manner. This is achieved by organizations reporting on the critical aspects of their performance and expressing it in a format and language that is not overly cumbersome or too detailed for the reader.

Therefore, organizations should select the key aspects of performance that tells a complete and accurate performance story of the organization. However, the identification of an organization's key aspects of performance is at the discretion of senior management in government and government organizations. The potential discrepancies amongst organizations in how senior management defines key aspects of performance are addressed by this principle.

2. Be forward-looking as well as retrospective:

Public performance reporting needs to address the government's future activities and explain how these activities will work towards its organizational goals. This will help the public to understand how short-term achievements affect long-term outcomes.

Performance reporting should also track an organization's previous performance to identify any variances between what the organization said it would do (its intended results) and what the organization actually did (its actual results). If this information is provided through separate documents, it is important that organizations maintain consistency between them.

3. Identify key strategic risks:

Management in government or public institutions should identify and explain key risks by providing an explanation in reports about the influence of risk on their decision-making. These explanations in reports may help the public to understand how certain risks may positively or negatively affect the government's or public institution's ability to achieve its goals.

4. Disclose and discuss key considerations affecting capacity:

According to the CCAF, capacity refers to the capability of an organization to achieve results at a given level. Therefore, this principle refers to the disclosure by an organization in its report about its capacity to sustain results and its ability to develop capacity, where required.

5. Disclose and discuss any other critical factors:

Public performance reporting should include identification and explanation of any other factors that have significant impacts to the affairs of an organization, not already addressed in the above-noted four principles. Other critical factors that might relate to aspects of performance include: ethics, values, public perception, involvement of other stakeholders, or unintended impacts of government programming. Therefore, if any other these types of factors may affect performance, it is important for users of performance information to understand what they are and how they may impact the organization.

6. Integrate financial and non-financial information:

The CCAF recommends that organizations link financial information, such as the outputs of the organization, with non-financial information, such as the organization's outcomes.

Therefore, management should explain how resources (i.e. FTE's and budget) and strategies influence results. The linkage of resources to strategies and to results is critical for the public to understand how the nature and level of spending influences results.

7. Provide comparative information:

To enhance understanding of past and future performance, it is recommended that organizations provide trend information to help the public assess if the organization's overall performance is deteriorating, remaining stable, or increasing. In addition to trend information, organizations should compare and benchmark themselves against similar organizations to help the public understand an organization's performance results and expectations.

8. Present credible information and best judgments:

This principle reflects management's involvement and judgment in demonstrating and interpreting the information provided. Information presented by should be consistent, fair, relevant, reliable and understandable.

9. Disclose the basis for key reporting judgements:

The CCAF states that public performance reporting involves judgements by an organization's senior management and that these judgements should be identified and explained. By providing explanatory information on key reporting judgements, the

public will develop a deeper confidence that the basis on which the judgements are made is reliable.

Public Performance Reporting Principles in other Jurisdictions

In addition to the CCAF and BC, there are many other jurisdictions undertaking initiatives to improve public performance reporting. Some of these initiatives may or may not include the development of explicit public performance reporting principles, however, they provide guidance to organizations on how to improve performance reporting to stakeholders. Examples of other jurisdictions include the United States, the Alberta Government, and the Government of Canada.

The first example of a jurisdiction that has introduced an initiative to hold government accountable for results is the United States with the passing of the *Government Performance and Results Act* (GPRA). The intent of the GPRA is to create a management environment that:

1. Focuses on tangible results in order to emphasize attention on mission and goals, strategies for measuring and achieving success, and what organizational elements contribute to achieving results.
2. Encourages new ways of thinking about how to achieve results.
3. Forces articulation of the value the agency creates for the public.
4. Provides a better framework for daily management decisions.

5. Links more directly the contributions of individuals and units to overall organizational goals.²¹

By coupling the GPRA requirement to produce performance reports with its intention to create a supportive management environment, the GPRA facilitates the use of performance plans as strategic management tools, as well as a document that shows accountability for results.

Another example of a jurisdiction that has undertaken a public performance reporting initiative is the Alberta Government. In 1995, the Alberta Government passed the *Government Accountability Act* (1995), which outlines the business/strategic planning process.²² Although, the Alberta Government has not designed their own provincial reporting principles, they do provide guidance on strategic planning, such as the *Results-Oriented Government: A Guide to Strategic Planning and Performance Measurement in the Public Sector*.

Another jurisdiction that has emphasized public performance reporting, as well as public performance reporting principles, is the Government of Canada. An example of a performance report that illustrates the Government of Canada's commitment to performance reporting is the Departmental Performance Report that all departments are required to prepare. The Treasury Board Secretariat's *Good Practices Guide for the*

²¹ National Partnership for Reinventing Government. Frequently Asked Questions about Managing for Results and Government Performance and Results Act. <http://govinfo.library.unt.edu/npr/library/misc/faq.html>

²² Results-Oriented Government. A Guide to Strategic Planning and Performance Measurement in the Public Sector. Government of Alberta.

Preparation of Departmental Performance Reports identifies six broad reporting principles. These include:

1. Provide a coherent and balanced picture of performance that is brief and to the point.
2. Focus on outcomes, not outputs.
3. Associate performance with earlier commitments and explain any changes.
4. Set performance in context.
5. Link resources to outcomes.
6. Explain why the public can have confidence in the methodology and data used to substantiate performance.²³

Obstacles to Public Performance Reporting

The Controller and Auditor-General of New Zealand has identified several factors that create uncertainties in the public sector, which in turn creates obstacles for good performance reporting. These factors include constant social and environmental change, the long-term nature of many public outcomes, community, entity, and political uncertainties, and circumstances where public outcomes are not controllable by public entities, but are under their influence.²⁴

The level of accountability of governments to the public is increasing and is increasingly becoming the basis for government policy and program reforms. This increase in accountability is illustrated in governments placing greater emphasis on accountability

²³ English, J. and E. Lindquist. (1998). Performance Management: Linking Results to Public Debate. Treasury Board of Canada Secretariat. http://www.tbs-sct.gc.ca/rma/account/ppf-fpp_e.asp

measures, such as the development of business planning and performance reporting. The objective of these accountability measures is to produce better information to inform the public. However, according to John English and Evert Lindquist, these measures are ineffective and do not reach the attention of the general public. "Media coverage has been negligible, and MPs have largely gone about their business as they have in the past".²⁵

In a 2002 Report, the Auditor General of Canada identifies three main obstacles to good performance reporting. These obstacles include: "(1) basic principles of good reporting are not understood or applied, (2) performance reporting takes place in a political environment, and (3) there are few incentives for good reporting and few sanctions for poor reporting".²⁶ The third obstacle relating to incentives is reflected in a report published by The Mercatus Center, George Mason University. In May 2000, the Mercatus Center evaluated the quality of the performance reports of twenty-four federal agencies and wrote the report, *Performance Report Scorecard: Which Federal Agencies Inform the Public?* The report states that government has the same fiduciary responsibility to its taxpayers that companies have to their shareholders. The report also states that "agency reports should mirror standards required in the reports of Fortune 500 companies, which suffer severe penalties if they fail to report accurately and ethically to

²⁴ Report of the Controller and Auditor-General Tumuaki o te Mana Arotake, New Zealand. (January 2002). Reporting Public Sector Performance - 2nd edition. Government of New Zealand.

²⁵ English, J. and E. Lindquist. (1998). Performance Management: Linking Results to Public Debate. Treasury Board of Canada Secretariat. http://www.tbs-sct.gc.ca/rma/account/ppf-fpp_e.asp

²⁶ CCAF-FCVI. (2002). Reporting Principles. Taking Public Performance Reporting to a New Level. CCAF-FCVI. www.ccaf-fcvi.com.

their shareholders. Some of the fiscal year 1999 reports show promise in this regard, but many fall short".²⁷

²⁷ Ellig, J. (May 2000). Performance Report Scorecard: Which Federal Agencies Inform the Public? Mercatus Center. George Mason University.

PUBLIC PERFORMANCE REPORTING PRINCIPLES FOR THE PUBLIC SECTOR IN BRITISH COLUMBIA

By Carolyn Kamper

This section explores how the recently proposed public performance reporting principles for the public sector in British Columbia were developed, why they were developed, how the Steering Committee recommends that government and government organizations use the principles, as well as providing a summary of each principle. This section concludes with a discussion on how the reporting principles for the BC public sector are different from the public performance reporting principles that were developed by the CCAF-FCVI (CCAF).

Public performance reporting is a contemporary issue of growing importance for both governments and the public in BC. Legislation and reports in BC that support the government's commitment to reporting on performance and managing for results include:

- *The Budget Transparency and Accountability Act;*
- *Credibility, Transparency and Accountability*, report on the Budget Process Review Panel (the Enns Report);
- The accountability framework set out by the Deputy Ministers' Council and the Auditor General of BC, *Enhancing Accountability for Performance: A Framework and An Implementation Plan*, 1996;
- Assessment Guide contained in the report, *Building Better Reports - Public Performance Reporting Practices in British Columbia* (Auditor General of BC, 2001/2002, Report 3); and

- *Model for Effective Performance Management and Accountability* (Office of the Comptroller General, Ministry of Finance, BC), February 2002.²⁸

To address concerns about performance reporting in BC that were raised in the 2001/2002 report entitled, *Building Better Reports - Public Performance Reporting Practices in British Columbia* by the Auditor General of BC, the Select Standing Committee on Public Accounts released the *Review of Auditor General Reports*, Report to the Legislative Assembly in February 2002. In the *Review of Auditor General Reports*, the Legislative Assembly's Public Accounts Committee recommended that government work with the Auditor General and legislators to (1) seek consensus on public performance reporting principles and criteria for the BC public sector, and (2) develop an assurance program that can be implemented over time. A Steering Committee on Reporting Principles and Assurance Program was formed for this purpose.²⁹ To support this Steering Committee, two sub-committees were formed, one Sub-Committee on Reporting Principles and one Sub-Committee on Assurance

What is the purpose of reporting principles and assurance in the BC public sector?

The public performance reporting principles proposed for the BC public sector are intended to provide a general frame of reference to assist in the preparation and interpretation of performance reports. More specifically, it is anticipated that the principles will provide strategic planning guidance to organizations and help them assess

²⁸ Draft Progress Report on the February 2002 Recommendations of the Public Accounts Committee of British Columbia Related to Building Better Reports. Provided by the Government of BC and the Auditor General of BC. March 2003.

²⁹ Prepared by the Sub-Committee on Reporting Principles. (January 2003). Public Performance Reporting Principles for British Columbia's Public Sector. Draft for Comment. Prepared for the Steering Committee on Reporting Principles and Assurance Program.

what is critical to their purpose and achieving their results. Incorporating these principles into the guidelines on service plans and reports provided to ministries by the Ministry of Finance, Treasury Board Staff and to Crown agencies by CAS will ensure that this guidance is received. It is recognized by government and reflected in the guidelines that many ministries and government organizations are at varying levels of public performance reporting. The principles support continuous improvement as performance reporting evolves. It is also anticipated that organizations will use the principles as a self-assessment tool in preparing their plans and reports and that legislators will find the principles useful in reviewing these plans and reports.³⁰

According to the Project Statement and Terms of Reference of the Performance Reporting Principles and Assurance Steering Committee, an assurance program in the BC public sector is to create a process by which users of reported information can have confidence in the relevance and reliability of that information.³¹ The Sub-committee on Assurance was formed to support the Steering Committee develop an assurance program for BC. This sub-committee developed a discussion paper on assurance and is currently discussing how to implement pilot studies, as a way to explore the best approach for providing comments on the reliability and relevance of information in annual service plan reports.³²

³⁰ Government of British Columbia and the Auditor General of British Columbia. (March 2003). Progress Report on the February 2002 Recommendations to the Public Accounts Committee of British Columbia Related to Building Better Reports. Government of British Columbia.

³¹ Project Statement and Terms of Reference Performance Reporting Principles and Assurance Steering Committee.

³² Sub-Committee discussions on public reporting which the researcher is a member of and participated in these discussions.

How were the BC reporting principles developed?

The BC reporting principles were developed after a review of similar statements from other jurisdictions and, in particular, the public performance reporting project of the CCAF. Their work, which entailed extensive consultation with government managers, auditors and legislators throughout Canada and examination of best practices in other jurisdictions, proved to be the most focused and relevant example of public performance reporting principles. Indeed, it was the intention of the CCAF that the results of their efforts could provide an advanced and common basis for establishing principles, adapted as necessary to cover individual circumstances. In this light, the BC reporting principles were closely aligned with the CCAF reporting principles but also adjusted to relate more closely to reporting and planning legislation and current reporting practices in BC.³³

How will organizations use the BC reporting principles?

It is recognized that some of the principles that are being proposed are more challenging to implement, in part due to the existing organizational resources and capacity. These challenges may result in some organizations taking longer to build processes and structures that are necessary to incorporate these principles into their performance reporting. Based on this recognition, it is foreseen that these principles will help guide organizations throughout different stages towards full implementation of the proposed principles. In the context of a learning organization, full implementation of the principles relates to an organization's ability to provide a complete picture of its activities by blending aspects of the principles and self-assessment criterion. At this stage, full

³³ English, J. and E. Lindquist. (1998). Performance Management: Linking Results to Public Debate. Treasury Board of Canada Secretariat. http://www.tbs-sct.gc.ca/rma/account/ppf-fpp_e.asp

implementation does not refer to organization's reporting on each principle and self-assessment criterion.³⁴

What are the Performance Reporting Principles for the BC Public Sector?

The Draft Progress Report by the Performance Reporting Principles and Assurance Steering Committee dated February 26, 2003, identifies eight reporting principles and criteria for the BC public sector. The following summary draws on the principle statements, as well as the descriptions of each principle and criteria identified in this report:

1. Explain the public purpose served:

Public performance reporting should explain why an organization exists and how it conducts its business. This includes an organization's enabling legislation/ mandate/ vision/ mission, overview of its lines of business/ programs, products and/or services and how they are delivered. This information should be in terms of an organization's operations and in the fundamental values that guide it.

2. Link goals and results:

Public performance reporting should identify and explain the organization's goals, objectives and strategies and how the results relate to them. This principle should help the reader of a plan understand what an organization intends to achieve, what it actually achieved, and the impact that its results will have on its future direction.

³⁴ Government of British Columbia and the Auditor General of British Columbia. (March 2003). Progress Report on the February 2002 Recommendations to the Public Accounts Committee of British Columbia Related to Building Better Reports. Government of British Columbia.

3. Focus on the few, critical aspects of performance:

Public performance reporting should provide a clear, concise and balanced picture of performance. Organizations should address key performance indicators that support its mandate and are linked to the government's goals, as reflected in the government's strategic plan. Public performance reporting should clearly articulate its results and avoid unnecessary details and complexity that may obscure goals, objectives, and results.

4. Relate results to risk and capacity:

Public performance reporting should report results in the context of an organization's risks and its capacity to deliver on its programs, products, and services. Organizations should report whether or not it has sufficient capacity to meet its objectives in the future and manage its risks.

5. Link resources, strategies and results:

Public performance reporting should identify how efficiently resources are used to achieve results and how resources influence goals, objectives and results. For example, efficiencies can be reported in plans by identifying and explaining the nature of funding. Another example is to explain what key activities account for the organization's major funding.

6. Provide comparative information:

Public performance reporting should compare past and expected future performance and compare to the performance of similar organizations. A reader should be able to discern and understand why an organization's performance is improving, deteriorating, or

remaining the same. Comparability can be illustrated by incorporating baseline information and/or internal and external benchmarks into their reports and plans.

7. Present credible information, fairly interpreted:

Public performance reporting should be based on information that is credible. Credibility refers to quantitative and qualitative information that is fairly interpreted and presented, based on the best judgment of those reporting. Therefore, information presented should balance consistency, fairness, relevance, reliability, verifiability, understandability, and timeliness.

8. Disclose the basis for key reporting judgments:

Public performance reporting should disclose the basis on which information has been prepared and the limitations that should apply to its use. This includes identifying the basis for selecting the critical performance aspects for reporting, any changes in performance measures and their presentation compared to previous years, and the basis on which those who prepare the report have confidence in it.³⁵

What are the differences between the CCAF and BC public sector reporting principles?

The Draft Progress Report of the Performance Reporting Principles and Assurance Steering Committee identifies that the reporting principles developed for BC differ from the national reporting principles developed by the CCAF in three ways. The first difference is that the BC reporting principles put a greater emphasis on risk and capacity by combining these two concepts into one principle. In the CCAF reporting principles

³⁵ Draft Progress Report on the February 2002 Recommendations of the Public Accounts Committee of British Columbia Related to Building Better Reports. (March 2003). Provided by the Government of BC and the Auditor General of BC.

risk and capacity are two distinct principles. By combining these principles, the Steering Committee uses stronger language to be more explicit about the link between these risk and capacity.³⁶

The second difference between the CCAF and the BC public sector reporting principles identified in the Draft Progress Report by the Steering Committee on Performance Reporting Principles and Assurance is that the concept of verifiability of information was strengthened. The two BC principles on presenting credible information, fairly interpreted, and the principle to disclose the basis for key reporting judgements elaborated on the need for information to be verifiable.³⁷

The third difference identified in the Draft Progress Report is the development of a new principle, which is to explain the public purpose served. This principle was added to emphasize how the organization conducts its business. This includes a description of an organization's mandate, mission, program and/or services, and its delivery of these programs and/or services.³⁸

³⁶ Government of British Columbia and the Auditor General of British Columbia. (March 2003). Progress Report on the February 2002 Recommendations to the Public Accounts Committee of British Columbia Related to Building Better Reports. Government of British Columbia.

³⁷ Ibid.

³⁸ Ibid.

FINDINGS FROM PUBLIC PERFORMANCE REPORTING PRINCIPLES INTERVIEW DATA

By Carolyn Kamper

This section on findings identifies the results from the interviews with Crown agencies that the researchers conducted. The researchers approached twenty-seven Crown agencies to participate in the initiative to enhance the existing service plan guidelines for Crown agencies. Sixteen Crown agencies (referred to as organizations) agreed to participate, which was a fifty-nine per cent response rate, and included a total of twenty-seven individual interviewees. The interview questions were based on two areas: public performance reporting principles and performance measurement. This section identifies the results from the interview questions that pertain to public performance reporting principles.

Introduction

At the time of the interviews, organizations did not implement the recently proposed public performance reporting principles for the BC public sector into their performance planning or reporting. However, because these principles would be incorporated into guidelines for both service plans and annual service plan reports, it was viewed that it would be useful to have further research on how the principles may affect Crown agencies. Therefore, the purpose of the interview questions on public performance reporting principles was to ascertain to what degree Crown agencies were already incorporating the BC reporting principle concepts into their strategic planning and reporting processes. This would identify areas in each principle that Crown agencies were not incorporating or had challenges incorporating that may need further clarification

or explanation in the service plan guidelines, which is the product of this 598 management report.

The findings for each question that pertained to public performance reporting are identified below (see Appendix B for a template of the interview questions). The findings are grouped into key themes where similarities or commonalities are found in respondent comments. A discussion follows the findings section to explore reasons for why key themes emerge from the findings.

Public Performance Reporting Principles

Identification of goals and objectives

All respondents reported that their organizations receive direction as to what goals and objectives to pursue through their enabling legislation and mandate. The majority of the legislated mandates set the general direction of the organization with a minimum amount of latitude. Indeed, two respondents commented that their organization's mandate was very precise and it determined exactly what goals and objectives the organization should undertake. One respondent reported that their mandate recently changed, which precipitated senior management to review the goals and objectives of the organization. Another factor that some respondents reported helped give direction as to what goals and objectives they should pursue is government policy. It was identified by these respondents that it is mostly senior management who undertake the task of interpreting government policy in order to identify government direction. A commonality of respondent comments was that regardless of the organization's enabling legislation, mandate, and government policy, many organizations experienced difficulties in

discerning the difference between a goal and an objective in CAS's existing service plan guidelines.

The majority of organizations have a Board of Directors in place and most of the Boards are involved in the strategic planning process. The responses indicated that the degree of involvement by the Board of Directors varies amongst organizations. In most organizations, senior management support the Board of Directors by meeting with them on a regular basis to present their recommendations and discuss key issues of the day. To form these recommendations, senior management have extensive meetings and/or retreats in order to update the organization's environmental scan, identify the key goals and objectives, and discuss priority items. However, a few of the respondents cite greater involvement from their Board of Directors in the strategic planning process. In this case, the Board and senior management have close collaboration on all strategic planning issues, rather than have senior management present the Board with their recommendations. One respondent stated that their organization recently started a planning process that begins with setting strategic priorities at the Board level. The respondent anticipates that this will help identify goals and objectives for the organization.

For two organizations, it was the first time that their organization was required to provide a service plan. This is because one organization was recently created and the other organization was recently restructured. These organizations reported that the process to determine their goals and objectives involved extensive consultation amongst senior managers and the results were presented to their Board of Directors for final approval.

One organization noted that it was a challenge to work with so many different stakeholders to try and get approval of the final service plan, such as the Board of Directors, central agencies, and within the organization itself. This organization also commented that senior management tend to "walk through the process" of strategic planning and provide the Board with management recommendations and then wait for the Board's final decision.

Implementation of a Planning System Framework

All of the respondents, except for four, noted that their organizations implement a planning system framework. Most of the organizations that use a planning system framework have adapted Norton and Kaplan's Balanced Scorecard and have tailored it to their organization. However, there is a great deal of variety on how organizations utilize their modified frameworks. Some organizations align all of the organization's activities with the modified Balanced Scorecard, while others just keep the framework in mind when doing their strategic planning. At one time, two organizations had fully implemented the Balanced Scorecard approach, but have backed off from using the Balanced Scorecard in its entirety in favour of other planning frameworks or they have decided to modify it to better suit their organization. Respondents did not comment why their organizations had backed off from formally using the Balanced Scorecard.

Four organizations that do not implement a formal planning framework use an informal approach to planning by using the organization's work plan or internal business plan.

One commonality among these four organizations is that service planning is the

responsibility of either one staff member or a small group of staff members, and it is done "off the corner of their desk". However, regardless of fewer resources, the organization that relied on the development of the business plan to help form the basis of their planning system framework felt that their business plan was a comprehensive and detailed document, which enabled the organization to report on all aspects of the organization's activities. This is reflected in the respondent's comment that business plans "are a good base for strategic planning, as the organization conducts extensive consultations within the staff and external stakeholders to develop the plan". One commonality amongst the organizations that rely on work plans or business plans is that the organization is smaller in size and the organization's key activities can be captured on one type of plan.

On the other hand, one of the four organizations that do not use a formal planning framework reported that the organization is still grappling with the issue of whether or not to dedicate resources to implement a planning system framework, and if so, how much resources. The respondent stated that their organization has two distinct set of stakeholders, the Government of BC and the residents in the Columbia Basin area, and an increase in resources in planning may not meet the objectives of both of these stakeholder groups. The respondent stated that this is because "they may have different expectations about decisions about this kind of resource allocation".

Use of Risk Management Framework

Three of the respondents identified that their organizations implement a formal risk management framework. The commonality of the organizations that implement a risk

management framework is that these organizations have the resources and capacity to have specific committees and/or departments responsible for internal audit and/or risk. However, the majority of organizations assess risk primarily through an extensive environmental scan.

Four of the organizations that rely on an environmental scan reported that they consult with relevant stakeholders to help assess the environment. This may include external consultants, the Board of Directors, internal staff, business partners, and customers. In addition, two of these organizations routinely bring in consultants if expertise in a certain area is not found within the organization. Even though the organizations that rely primarily on environmental scans include consultations with stakeholders, two organizations in particular report an extremely extensive consultation process. Furthermore, these extensive consultations have led to a several key internal documents that include more detailed reports and updates on the organization's assessment of risk.

Out of all the four organizations that rely on environmental scanning, only one reported that it is planning to introduce a formal risk management framework with the help of an external consultant.

Capacity issues that relate to the management of risks

Many of the respondents sought clarification of this question during the interview, as it appeared that the term "capacity" had many different interpretations. The researcher who asked questions relating to public performance reporting clarified that capacity referred to the organization's overall level of resources to manage risks. However, even with this

clarification, it appears that most respondents answered this question in terms of all facets of capacity, rather than capacity issues that are specific to risk management.

All respondents identified that their organizations address capacity as part of their internal resource planning. However, some organizations address capacity as part of risk management strategies while others address capacity in the budgeting process. This may be partly due to the size of the organization and the level of resources attributable to risk management, as all organizations develop budgets but not all formally implement risk management. One respondent comments that their organization ensures that they have the capacity to manage financial risk, but the "more general capacity issues related to the management of risk, are not well addressed".

A commonality for organizations that address capacity issues in their budgeting process is that it is usually only one or two staff that does the development of the service plan. In most cases, these individuals are also responsible for developing the organization's budget. Therefore, addressing capacity in the budget and the subsequent allocation of resources implicitly identifies the organization's capacity.

Three respondents reported that their organizations explicitly address capacity issues related to risk in service plans. These comments are consistent with the finding that three organizations have implemented formal risk management frameworks.

Organizational challenges to explain non-financial information in service plans

All of the respondents commented that their organizations face challenges to explain information that is non-financial in nature. The researcher identified two commonalities

amongst these comments. The first commonality is that it is difficult to attribute non-financial outcomes to particular organizational activities and outputs. Also, some of the respondents reported difficulty in explaining non-financial information, as it either directly or indirectly linked to information that was commercially sensitive and disclosure of the information would be harmful to the organization. The second commonality identifies that organizations are able to articulate and describe non-financial information internally, but are challenged to describe it externally to the organization in a high-level and public document. One respondent noted that some of these challenges were due to conflicting objectives between the organizations that they oversee, which set rates, and the public that pays the rates. The respondents noted that this conflict is inherent in the nature of their business, but it further confounds the organization's ability to convey non-financial information to the public. Two respondents identified that it is difficult to obtain widely recognized definitions and commonalities of terms that is consistent across industry partners and jurisdictions in order to allow the public to compare performance across similar organizations.

A few respondents said that their organizations have addressed the challenge of explaining non-financial information by educating employees about goals, objectives, strategies, and actual results. These respondents noted that their organizations have achieved this by linking strategic planning concepts with employee personal development plans and bonus incentive plans. The respondents noted that feedback from staff, as they develop a greater understanding and awareness of strategic planning processes, helps the organization identify what non-financial information needs to be explained and how to explain it in an easy to understand format.

Comparing performance to similar organizations

All of the respondents, except for one, noted that it is difficult to compare performance to similar organizations. The challenges to find a similar organization vary from having a distinct business model and unique operating activities within the province and across North America, to other organizations not keeping statistics in the same fashion, as there is no agreed upon standard for benchmarking. For example, one respondent comments that where there are similar organizations and possible comparisons in business units then the organization compares performance as much as possible. However, even in these areas of similar business units, there is a much different operating environment. In the face of these challenges, the majority of respondents responded that their organizations tend to compare themselves to select aspects or activities of similar organizations rather than overall performance. Three respondents reported that their business model was unique in Canada so they had to look towards other countries to find comparable organizations. However, one of the respondents stated that when they approached the other organization for information, such as what performance measures they use, the organization either did not track performance measures or they were unwilling to share this information. One respondent identified that their organization had no difficulty in finding similar organizations to compare itself against. This is because there is a great deal of industry-wide data sources from which to draw on, such as annual reports of similar organizations across North America and industry standards.

To begin the search for similar organizations, respondents commented that they look at other jurisdictions in both the private and public sectors and look at other jurisdictions.

The jurisdictions are primarily across provinces, but in some cases organizations look for similar organizations in other countries, such as the United States, United Kingdom, and Australia. One respondent noted that it was the only organization of its kind in North America. In this case, the organization is forced to look at other global jurisdictions.

One third of the respondents reported that their organization relies on external benchmarking companies or committees that are made up of industry partners. However, it was noted by one respondent that the methodology used by these companies and committees must be questioned to ensure that they are based on relevant and credible data. This respondent also noted that the best form of comparison is to conduct your own study, but this is a very expensive process. Organizations should weigh the costs and benefits of creating internal benchmarks.

How organizations communicate about overall performance to the public

It is a reporting requirement that variances in performance are addressed in the annual service plan report. In light of this, the researcher anticipated that most organizations would report that they communicate variances in actual results and intended results in annual service plan reports. However, in addition to the annual service plan report, half of the respondents reported that the targets identified in their service plans, either implicitly or explicitly, communicate the organization's performance. Achievement or failure of targets implicitly communicates performance towards intended results. Explicit communication of performance occurs when organizations incorporate explanatory information in the targets section of the service plan.

Another method to compare organizational performance is to draw on internal performance documents. Four organizations identified extensive monthly and/or quarterly reports that are internal documents, which assess the organization's performance. This may be attributed to the larger size of these organizations and a greater ability to dedicate resources to track performance. Indeed, a few respondents commented that their organization has available information systems and resources to be able to track the organization's financial performance in a comprehensive and regular basis that is above and beyond its financial reporting requirements.

Determining what data to collect to support performance measures

Respondent comments on how their organization determines what data to collect to support measures and benchmarks can be grouped into four themes (1) reliance on in-house expertise (2) external consultants (3) combination of in-house expertise and external data sources, and (4) surveys.

The first theme is for organizations to rely on in-house staff to determine which data to collect. Six respondents noted that their organizations rely on this type of data collection. One of the six respondents commented that the director is ultimately responsible for the performance measures and they consult with the actual data collector to determine what data should be collected. The second theme is illustrated by one respondent's comments that "their organization works with external consultants who guide senior management in identifying key performance measures, as well as the necessary data to be collected to support the measures." A commonality in theme one and theme two is that the

consultations, either with in-house staff or with external consultants, are an iterative process that includes a great deal of dialogue about the methodology for creating the measure and collecting the relevant data.

The third theme is when organizations rely on a combination of in-house expertise and external data sources to determine what data to collect. In this case, there is one commonality, which is the availability and reliance on industry standards to supplement in-house data collection methods. Furthermore, some of these organizations identify that there is a significant amount of internal and external data, which has been collected or tracked by the organization over a long period of time. In these cases, the type of performance measure used in the organization's service plan primarily drives the determination of data to collect.

Another method that organizations use to determine what data to collect is through the development of surveys. Two organizations reported that they use surveys to collect data that support the performance measures. One organization contracts an external organization to design the survey in consultation with senior management and to also conduct the survey. The respondent comments that the use of surveys is partly due to the nature of the organization's business and by using surveys the organization can gather qualitative data from their stakeholders. The data to be collected on the survey is targeted to measure certain aspects of the organization's activities.

A common theme from all respondents is the sense that a key factor in determining what data to collect is the feasibility of the data collection. Therefore, organizations will try to

determine what data is both readily accessible and cost-effective before data collection. Only one organization reported that resources are available to put in place or re-program existing information systems in order to collect relevant data that is accessible within the organization.

Ensuring data to support measures and benchmarks is credible

All of the respondents acknowledged that credible data is critical to support performance measures and external benchmarks. Although, approaches to ensuring data credibility are varied amongst organizations, the approaches can be grouped into three themes. The first theme is to rely on in-house expertise and internal information systems to ensure that the data supporting measures and benchmarks is credible. Approximately one third of the respondents reported that their organizations rely on in-house expertise to discuss anomalies and inconsistencies in data and to ensure rigour in the benchmarking process. One respondent commented that data credibility is "linked to ensuring performance measures are relevant because it is only by tracking performance over a period of time that any glitches in the data become apparent." The second theme is for organizations to benchmark against industry standards, in which organizations presume a relatively high degree of credibility, such as StatsCan. The third theme to ensuring data credibility is to rely on informal networks among industry partners.

One respondent emphasized that although there was no formal process to ensure that data was credible, the nature of the organization's business relies on accurate data in order to build business cases. Reliance on accurate data for daily business activities creates an informal approach of ensuring data is credible.

Identification of data limitations and using it

Half of the respondents reported that their organizations provide explanatory information in service plans if data has any limitations. The other half of the respondents report that their organizations do not report limitations in service plans. Where limitations are not reflected in the service plan, respondents commented that either their organizations track data limitations in their internal reports and documents, or that their organization did not use data that may have limitations.

Overall challenges to service planning process

This question solicited informal feedback from respondents on any issue pertaining to the service planning process, such as challenges encountered in the development of service plans or lack of clarity in the CAS's service plan guidelines. All of the respondents cited at least one challenge in the service planning process, but four key themes emerged from respondents' comments on service planning challenges.

The first theme relates to the timing, particularly, the dates that service plans and the budget are due to central agencies. Some respondents emphasized difficulty undertaking strategic planning before government verifies the allocation of their budget. Other respondents identified that timing challenges also relates to the lack of communication amongst the CAS, the organization itself, other central agencies, and with the Minister responsible about service plan schedules.

The second theme is insufficient and/or decreasing resources to develop the service plan. Organizations are concerned that decreasing resources and increasing accountability measures will significantly affect the quality of the service plans and their use as a strategic management tool. Organizations sense that there is a call for greater reporting requirements, which stem from a general increase in public demand for accountability and transparency, the amended *Budget Transparency and Accountability Act*, as well as the expected integration of the public reporting principles for the BC public sector and an assurance program.

The third theme identified from respondent comments is difficulty in developing performance measures for societal outcomes and difficulty setting three-year targets. Another respondent comment that relates to targets is the challenge to set stretch targets, but to also ensure that the organization does not publish targets that it could not achieve. Another respondent commented that focusing the organization on specific targets enhances public accountability, but also limits the organization to pursue or change strategic directions. In this type of situation, the respondent commented that the use of the service plan as a strategic management tool is limited. To address this concern, the respondent said that CAS and government should be flexible in assessing organizational performance and its explanations of variances in future service plans.

The fourth theme that the researcher identified pertains to the level of detail provided in the service plan and its usefulness to the public. Some organizations face challenges in balancing the need to inform the public with the organization's need to protect information that is commercially sensitive, while other organizations face challenges to

balance the level of detail provided in the service plan. For instance, more detail is required to use the service plan as a strategic management tool and less detail is required to provide a high level overview of the organization to the public.

DISCUSSION OF PUBLIC PERFORMANCE REPORTING PRINCIPLES FINDINGS

By Carolyn Kamper

The public performance reporting principles for the BC public sector recently proposed by the Steering Committee on Reporting Principles and Assurance will be incorporated into the service plan guidelines for fiscal 2004/05. Even though government directs Crown agencies to follow these guidelines for the development of their service plans, at this time full implementation of the BC reporting principles is not a mandatory requirement, rather it is strongly encouraged by senior levels of government. Given that it is strongly encouraged, it would be useful to identify whether or not the Crown agencies are already addressing some of the principle concepts, and if not why. Indeed, the previous findings section identified where Crown agencies may or may not be addressing some of the principle concepts in their planning and reporting processes, however, this next section explores reasons why. Therefore, this section is an extension of the findings section, but provides a discussion on why certain themes emerged in the findings section. This discussion provides feedback to the researchers as to what areas may need further explanation in the service plan guidelines, which is the product of this 598 management report.

Introduction

The purpose of the interview questions that dealt with public performance reporting was to assess to what degree organizations incorporate the concepts of the recently proposed public reporting principles for the BC public sector into their strategic planning and daily

activities. These eight proposed reporting principles for the BC public sector offer organizations guidance in a wide range of areas. Indeed, some of this guidance is very general in nature while some of it is more precise. In this light, the comments received by respondents on performance reporting cover a wide range of topics, such as strategic planning, to communicating the organization's performance to the public, to determining what data to collect to support performance measures and external benchmarks.

Regardless of the wide range of topics covered by the principles, there are some key themes that emerge from the respondent comments. These themes were identified in the findings section, but will be further explored in this section.

Identifying Goals and Objectives

The confusion for some respondents about the difference between a goal and objective may be due to lack of clarity in the CAS's service plan guidelines. Or it may be due to different perspectives that staff holds within the organization itself. In either case, greater detail in CAS's service plan guidelines will help reduce uncertainty around goals and objectives.

It is an important aspect of strategic planning for the Board of Directors and senior management to have a good working relationship. This is because one of the initial phases of strategic planning is the identification of organizational goals and objectives. The difference in the degree to which the Board of Directors is involved in strategic planning and identifying goals and objectives may be due to the size of the organization. A smaller organization may rely more on the expertise found in Board members because the expertise is not available in its staff. Therefore, one possible explanation of why

there appears to varying degrees of consultation between senior management and the Board is that it depends on the level of resources in the organization.

It appears from respondents' comments that the majority of organizations want clarification and direction from their Boards and that the organizations presently without a Board are keen to have one established. It also appears that organizations with less resources and capacity have a heavier reliance on their Board of Directors for strategic direction than organizations with greater resources and capacity. Organizations with more resources tended to walk their Boards through the highlights of the organization's strategic direction and how management recommendations would affect the organization.

A few respondents identified that it is difficult to gain consensus on the service plan, as there are many stakeholders involved in the decision-making process. This difficulty may be due to the time necessary to educate the Board of Directors on certain management issues and to ensure sufficient time to discuss each issue and gain consensus amongst Board members. This challenge may be partly due to the size of the Board of Directors. If it is a large sized Board, it may lead to difficulties in getting the Board to meet at times necessary to discuss service planning issues in order to meet service plan deadlines.

Planning System Frameworks

It is not surprising that most organizations implement a planning system framework to some degree, due to the increase in reporting requirements stemming from the amended *Budget Transparency and Accountability Act* in August 2001. Indeed, if organizations

did not have a formal planning framework in place a few years ago, the amendment of this *Act* may have spurred organizations to initiate development of one. The use of planning system frameworks is critical partly due to the high probability that reporting requirements will increase over time with the introduction of public performance reporting principles for the BC public sector and an assurance program.

The adoption of three organizations to use the work plan or business plan instead of a formal planning system framework may be in part due to the organizations' smaller size. A smaller size allows for informal and ad-hoc meetings with internal and external stakeholders on a fairly regular basis. This informal approach to planning is consistent with some of the comments received from respondents on issues relating to capacity, which had one commonality that there are not many resources dedicated to the development of the service plan. Therefore, organizations that adopt an informal approach to strategic planning may be due to necessity, as the organization's ability to allocate scarce resources to service planning is constrained.

Overall, all of the organizations reported improvements in their service planning process in their 2003/04 to 2005/06 Service Plans compared to their 2002/03 to 2004/05 Service Plans. In this sense, organizations are enhancing their ability to fulfil their reporting requirements and provide a service plan that meets the needs of government. However, the ability to further enhance their service plans is limited in that there is no systematic approach to strategic planning. For instance, a potential cost to the organization of not having a formal planning system framework is that it may pursue one or more strategic directions that are not optimal for the organization. Another cost is that the organization

does not pursue one or more strategic directions that it should be pursuing, as it may be beneficial for the organization. The potential for less effective strategic planning is increased if reporting requirements become greater.

Risk Management Framework

As the majority of respondents noted that their organizations implement an informal approach to strategic planning, it is not surprising that these same organizations do not incorporate a formal approach to risk management. Risk management frameworks support the overall strategic direction, as identified in the organization's planning system framework and help identify and mitigate external and internal threats and opportunities. It appears that most organizations rely on the development of the planning context in their service plans to identify environmental risks and opportunities. This may be because an updated environmental scan appears to have been sufficient for previous service plans and in most organizations, the environment stays fairly constant. However, lack of a formal risk management framework may be an opportunity cost of the organization's ability to decrease risks and identify current and future opportunities.

Capacity Issues

All of the interviewees are cognizant of the organization's overall level of capacity that help or hinder the organization's ability to run its business. This may be because capacity is addressed implicitly in the organization's budget and its ability to allocate resources to certain activities, processes, or structures. Indeed, it appears that capacity issues are informally addressed in each business decision that the organization makes to assess if a certain activity or direction is viable.

Even though organizations are aware of their level of organizational capacity including capacity relating to risk, all except for three organizations do not report this in their service plan. The three organizations that specifically report about capacity issues relating to risk in their service plans have sufficient resources to dedicate to a separate committee and/or department that is responsible for internal audit and/or risk management.

Comparing Performance to Similar Organizations

Many respondents compare themselves to similar organizations by looking at industry standards. This may be because it is readily available, ensures a relatively high degree of credibility, and is widely accepted. Also, comparing industry standards on financial information is much easier than trying to compare qualitative information with other organizations that are not a perfect match. One organization actively participates with an external consulting firm that collects the data from similar organizations across Canada and develops an industry benchmark. This may be because the organization does not have the in-house expertise in this area.

The ability of organizations to compare their performance to similar organizations appears to be affected by the nature of the organization's business and the greater level of resources that the organization can allocate to this activity. Organizations that have the ability to participate in creating benchmarks with other jurisdictions and that have the resources to critically analyze the methodologies of external benchmarking organizations significantly enhance their ability to compare themselves to similar organizations. These

organizations also have an advantage compared to other organizations with fewer resources, as they have access to data that is readily available with a relatively high degree of credibility.

It appears that organizations that do not have the resources to participate in these processes are aware that they need to find similar organizations to compare their performance. However, the infrastructure to share information and benchmark amongst jurisdictions needs to be enhanced before organizations can rely on a timely and reliable source of information from which to compare performance.

Communicating overall performance to the public

The respondent comments that some organizations incorporate explanatory information in the target section of their service plan may be partly due to CAS advising organizations to include this type of information where any variances in organizational performance occurred. Indeed, the 2003/04 - 2005/06 Service Plans was only the second time that organizations were required to prepare service plans. Therefore, it was the first opportunity that organizations could compare their performance, as the 2002/03 - 2004/05 Service Plans provided baseline targets.

Overall, the ability of organizations to develop their service plans has increased significantly from the initial 2002/03 - 2004/05 Service Plans. This may be due to the organization's ability to build intellectual capital in the service planning process. It is recognized by most organizations that service planning incorporates incremental learning where organizations strive to enhance how and what they report on in their service plans.

Determining what data to collect

Half of the respondents said that their organizations rely solely on in-house staff to determine what data to collect. This may be because the organization does not have the resources, such as FTE's or budget, to gather external data. Or this may be because the data is not available outside of the organization due to the unique nature of the business. In either case, constraint of resources or availability of external data may cause the organization to be limited in their choice of performance measures, as the feasibility of data collection is emphasized over the suitability of the data to be collected. A few respondents comment that their organizations rely on in-house staff in addition to external expertise or the development of surveys. This may be attributable to the organization having a wider scope of business to be able to draw on data from other jurisdictions, industry standards, or to create a survey instrument to collect qualitative data.

Ensuring Credible Data and Identifying its Limitations

A commonality among respondent responses is that none of the organizations undertake a formal approach to ensuring the credibility of data that supports performance measures and external benchmarks. This may be attributable to organizations focusing their attention to developing the service plans and finding relevant performance measures. In addition, many organizations focused their attention on re-aligning strategic shifts due to the Core Services Review and government-wide reorganization. Therefore, it is not surprising that at this stage of service planning, it appears that most organizations dedicate their resources to finding appropriate performance measures in lieu of ensuring

data is credible. In addition to strategic shifts, it is a significant challenge for many organizations to critically assess internal and external data sources due to the level of resources that organizations can assign to this task and also due to the availability of external data sources. The next stage of service planning may include a greater allocation of resources to structures and processes that ensure data is credible. This is because over time, organizations will gain experience in the development of performance measures and may face a more stable planning year (i.e. no Core Services Review or government-wide reorganization initiative). Another reason why organizations tend to use an informal approach to ensuring data is credible is the nature of its business and the qualifications of its staff. For instance, the business may be very specialized and the individuals in the organization are specialists in certain areas. Another reason is fewer resources dedicated to performance measurement and benchmarking. In this case, a smaller organization may be more inclined to draw on internal resources rather than incurring an external expertise cost.

It appears from the findings that all of the organizations lack a formal approach to ensuring data is credible. However, this should not imply that organizations are not cognizant of this issue in their daily activities. Indeed, all of the respondents acknowledge that performance measures and external benchmarks are not valid if the data supporting them is not credible. This implies that even though organizations may not have a formal method of checking data and data sources, the nature of their business relies on credible data. Informal checks on data credibility are an organization's internal and external stakeholders, which continuously assess and verify data credibility through their daily activities.

Once an organization has assessed the data credibility, some organizations report these limitations in their service plans and some do not. This difference in reporting may be because it was not an explicit requirement in the CAS August 2002 Service Plan Guidelines. This issue may be addressed by the inclusion of the proposed public performance reporting principles for the BC public sector in these guidelines.

Overall challenges to service planning process

There are four key themes relating to overall challenges to service planning that are identified in the findings section. Three of these themes are related to timing, developing performance measures and targets, and the other theme is related to identifying appropriate levels of detail in service plans. Two ways that these issues may be addressed is first within the organization itself through the acquisition of intellectual capital on the service planning process, and secondly through greater communication between government and each organization. For example, the challenge related to timing may be partly mitigated by clarification of roles and responsibilities of individuals and departments in the process of developing and obtaining approval of the service plan. The third theme regarding challenges in performance measurement is attributable to all organizations that are trying to implement accountability mechanisms within their organizations and reporting on the results. Guidance through consultations and workshops with CAS may mitigate this challenge.

The final theme identified in the findings section that relates to decreasing resources and increasing accountability, may be partly attributable to the organization's external

environment. Indeed, an increasing sense of accountability and public performance reporting requirements is attributable to all governments and public institutions across most jurisdictions. Decreasing resources is an on-going concern for all organizations, and was brought to light with the recent government-wide reorganization initiative. The discussion of how organizations manage their activities with decreasing resources is beyond the scope of this discussion. However, exploring ideas of how to implement effective service planning with decreasing resources is part of this discussion. This issue can be addressed through greater guidance by government to organizations on what information to prioritize and include in their performance reports. It can also be addressed in the recognition that capacity limitations will mean that some organizations will progress more slowly than others in improving their public performance reporting.

BROAD EXAMINATION OF PERFORMANCE MEASUREMENT AND ITS DEVELOPMENT IN BRITISH COLUMBIA

By Christina Zacharuk

This broad examination of performance measurement provides some introductory background to performance measurement and its uses, as well as how it relates to performance management. It also provides some history of the inception of performance measurement in the Government of British Columbia. Some information about how British Columbia's uses of performance measurement compares with other jurisdictions in Canada and around the world, as well as some of the uses, limitations, and recommendations regarding performance measurement will be included also. Therefore, the review was conducted in relation to performance measurement and its use in the Government of British Columbia.

Introduction

This broad examination of performance measurement and its development in British Columbia was used as a mechanism to gather information for the interview questions related to the current practices of performance measurement by Crown Agencies (referred to as organizations) in British Columbia asked in interviews by the researchers with the organizations. Consequently, the information from the examination and the interviews was also used for the enhancement of the service plan guidelines. The examination also provides the context for performance measurement reporting

requirements and their history in British Columbia, as well as how these requirements compare to other jurisdictions.

This examination was necessary to provide a basis for the Findings and Discussion sections of the report that follow. Performance measurement is a key focal point of the revision of the service plan guidelines due to the reported level of concern from organizations about its purpose and how to use it effectively prior to the onset of this project. These concerns have been raised both at the informal level to Crown Agencies Secretariat (CAS) advisors, and at the formal level in service plan workshops, where organizations specifically requested further guidance on performance measurement.

What is Performance Measurement?

According to the Auditor General of British Columbia and the Deputy Ministers' Council report entitled *Enhancing Accountability for Performance: A Framework and an Implementation Plan*, the definition of performance measurement is

A process of assessing programs in achieving pre-determined goals. It includes measures with which those resources are transformed into goods and services (outputs); the quality of those outputs (such as how well they are delivered to clients and the extent to which clients are satisfied); and the effectiveness of government operations in terms of their specific contributions to the objectives of the programs.³⁹

In broader terms, performance measurement is a "systematic collection, analysis, and reporting of information that tracks resources used, work produced, and intended results

³⁹ Office of the Auditor General of British Columbia and the Deputy Ministers' Council. (1996). Enhancing Accountability for Performance: A Framework and an Implementation Plan. Government of British Columbia.

achieved".⁴⁰ Performance measurement is a process that tracks past performance by quantifying activities and uses this information to determine the level of performance achieved, as well as provides information for the setting of future targets. Therefore, performance measurement tells an organization *what* is being done in terms of a program or service; for example, performance measurement may tell an organization that for every 35 employee hours spent on training programs, 10 people fully complete the training program.

What is the Difference Between Performance Measurement and Performance Management?

Performance measurement is a strategic process used specifically to assess accomplishment of organizational strategic goals and objectives. Performance management, on the other hand, is the use of interrelated strategies and activities to improve the performance of individuals and organizations by developing a results-driven culture.⁴¹ According to the Organisation for Economic Cooperation and Development (OECD), these strategies and activities include

Devolution of decision making, accountability for performance, measurement and benchmarking of performance, responsiveness to citizens through service quality initiatives, review of performance through programme evaluation and performance auditing, the use of performance contracting mechanisms, the use of strategically oriented management and planning, and creation of autonomous agencies.⁴²

Therefore, it is important to note that performance measurement is only one aspect of performance management. For the purposes of this report and the enhancement of the

⁴⁰ State of Virginia Department of Planning and Budget. (2000). Presentation: Performance Measurement. <http://www.dpb.state.va.us/VAResults/Material/PerfMan.pdf>

⁴¹ Newcomer, K. E., and Downey, A. (Winter 1997-98). Performance-Based Management: What is it and How do We Get There?. The Public Manager.

⁴¹ OECD. (2003). Performance Management.: <http://www1.oecd.org/puma/pac/index.htm>

Service Plan Guidelines, the key focus is on performance measurement as a reporting and accountability tool. It is important to align performance measurement with management processes.⁴³ However, the focus of this report and enhancement of the service plan guidelines is to single out performance measurement as the specific mechanism through which organizations in British Columbia report on and are accountable for performance, although it is recognized to exist within a broader performance management scope.

Why use Performance Measurement?

In general, performance measurement is undertaken by private and public sector organizations to provide accountability information for themselves and their stakeholders; organizations need to determine past performance in order to develop successfully goals, objectives, and strategies designed to meet the aims of the organization. The University of California Office of the President and Partnership for Performance offers in its *Measurement Handbook* a useful list of seven reasons why performance measurement should be done:

1. You cannot know if you are improving quality or performance without measuring results;
2. Measurements can keep you focused on what really has to be done right, what really has to be improved;
3. Measuring prevents arbitrary organizational and cultural changes in the institution;

⁴³ Clay, J. A. (2002). Aligning Performance Measurement with Key Management Process. Government Finance Officers Association, Gale Group Inc.
http://www.zigonperf.com/resources/pmnews/perf_meas_align.html

4. Measurement activity gives management occasions to celebrate real results that people can see and believe;
5. Measurements encourage people to become involved in changes because they provide feedback on their work and offer insights into what to do next;
6. By linking improvements and measurements together, you keep various types of activities from being mixed, matched, and confused; and
7. Measures can be used to assess the performance of a pilot or experiment.⁴⁴

For the public sector specifically, performance measurement and its tools tell the organization where it is, where it wants to be, and what it needs to do to get there.

Performance measurement can provide lessons learned to determine the continued relevance of performance activities, to improve these activities if necessary, aid in the decision-making process, make comparisons, and provide strategic information for the future. According to Hatry, performance measurement has three central purposes:

1. To make public agencies accountable for results to elected officials and the public;
2. To get improved services to citizens by motivating public employees and their contractors to continually improve the quality and outcomes of the services that these employees are delivering; and
3. To increase the trust of the public in their government.⁴⁵

⁴⁴ University of California Office of the President, Partnership for Performance. (1997). Measurement Handbook. <http://www.ucop.edu/ucophome/businit/hdbkcontents.html>

⁴⁵ Hatry, H. (2001). Performance Measurement. Urban Institute, Washington DC.

Therefore, performance measurement is meant to be used both as a management tool and as an accountability tool to provide information about the resources used and the results achieved through their use. The majority of relevant literature that discusses performance measurement asserts that measurement should be done on a regular basis in order to gather the most accurate and useful information. It also needs to be done properly. That is, meaningful measures should be used in order for the right information to be collected, as the information gathered from what is measured is used to make strategic decisions for the organization. As Osborne and Gaebler note, "What gets measured gets done; if you don't measure results, you can't tell success from failure; if you can't see success, you can't reward it; if you can't reward success, you are probably rewarding failure; and if you can't recognize failure, you can't correct it".⁴⁶

Performance Measurement in British Columbia

The following is a chronology of initiatives and reports undertaken by various parts of the provincial government of British Columbia that influenced the drive for and resulted in the current climate of reporting and accountability by all organizations within government, including ministries, Crown Corporations, public agencies, and boards.

1995 - The Auditor General, George Morfitt, and the Deputy Ministers' Council undertook the drive for performance management British Columbia in 1995 by publishing their report entitled *Enhancing Accountability for Performance in the British Columbia Public Sector*. Performance management encompasses performance measurement in that it uses the measurement information to set goals and guide future

⁴⁶ Osborne, D. and T. Gaebler. Results Oriented Government, New York: Addison-Wesley.

direction of a policy or program.⁴⁷ The reason for this drive was twofold: to address the perceived decline in public confidence in governments and government organizations and institutions, and to provide a clear and comprehensive idea to the public about how the government of British Columbia is delivering programs and services for the tax dollars being spent.⁴⁸ The Auditor General felt that the citizens of the province were dissatisfied with the level of information provided in regards to the "intentions and actual results of government efforts" in terms of programs, services, and the use of resources in the province.⁴⁹ The Auditor General and the Deputy Ministers' Council saw this as an opportunity for all public organizations (including ministries, Crown Corporations, and other public agencies and boards) to shift their focus from management of program inputs (E.g. money spent) to results-based management practices (E.g. service outcomes), of which performance measurement is part.⁵⁰

1996 - The Auditor General and the Deputy Ministers' Council followed up the first report with a second report entitled *Enhancing Accountability for Performance: A Framework and an Implementation Plan: A Second Joint Report*. This report was designed to provide an implementation framework for all organizations in the provincial government to begin to improve government performance and accountability.⁵¹ At this time, engaging in performance measurement practices was still voluntary and therefore

⁴⁷ Auditor General of British Columbia and the Deputy Ministers' Council. (1995). Enhancing Accountability for Performance in the British Columbia Public Sector. Government of British Columbia.

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Office of the Auditor General of British Columbia and the Deputy Ministers' Council. (1996). Enhancing Accountability for Performance: A Framework and an Implementation Plan. Government of British Columbia.

not required, although the Auditor General and the Deputy Ministers' Council was vociferously promoting all government entities to engage in and adopt these practices.

1997 - In the spring of this year, the Auditor General and Deputy Ministers' Council published a third report entitled *Enhancing Accountability for Performance in the British Columbia Public Sector: A Progress Report to the Legislative Assembly*. In this report, the Auditor General and Deputy Ministers' Council outlined the many external circumstances that prevented the planned and deliberate approach that they had hoped that the ministries, Crown Corporations, and other government organizations would take for increasing accountability and transparency through the performance reporting process and practices. They note as a major deterrent the tabled budget of 1996/1997 that caused much furore in the public and with the opposition and detracted attention away from active participation in performance measurement activities.⁵²

1999 - In the fall of 1999, the Budget Process Review Panel (The Panel) published a report entitled *Credibility, Transparency, and Accountability: Improving the BC Budget Process* in response to public concern over the 1996/1997 Budget. The 1996/1997 budget was released immediately preceding a general election in the province and concern was raised over the forecasted balanced budget. The Panel was convened to review the budget process and provide recommendations for improvement. In its recommendations, the Panel concluded that increased transparency and accountability was required, not just in the budgeting process, but in the strategic planning process as a whole. The Panel recommended that all ministries and Crown Corporations be required through legislation

to submit multi-year service plans⁵³, of which the results would be reported on in the annual reports. The Panel further concluded that the ministries and Crown Corporations should be accountable for results and outcomes; this is a reiteration of the reports published by the Auditor General and Deputy Ministers' Council from 1995 and 1996.⁵⁴

2000 - In 2000, the *Budget Transparency and Accountability Act* (BTAA) was passed in the British Columbia Legislature. The BTAA passed as legislation to increase the transparency and accountability of all reporting entities of the provincial government.

2001 - In August, 2001 the BTAA was amended by the new Liberal government to include the requirement that all ministries and Crown Corporations submit multi-year service plans, in which these plans are required to align with the current government strategic plan and specifically, to provide goals, objectives, and performance measures. These amendments are directly related to the recommendations made by the Budget Review Panel in 1999.

2001 - In November 2001, the new Auditor General of British Columbia, Wayne Strelieff published his first in a series of documents entitled *Building Better Reports: Public Performance Reporting Practices in British Columbia* to be published annually. The purpose of the this report is to provide a *review* rather than an audit of the service plans and annual reports submitted by the ministries, Crown Corporations, and government organizations on their efforts to date regarding managing for results and measuring

⁵² Auditor General of British Columbia and Deputy Ministers' Council. (1997). Enhancing Accountability for Performance in the British Columbia Public Sector: A Progress Report to the Legislative Assembly. Government of British Columbia.

⁵³ Until the amendment to the BTAA in 2001, service plans were referred to as 'performance plans'.

performance. The Auditor outlined the purpose of the annual review as two-fold: "to help legislators assess the quality of the information they receive and to provide ministries and government organizations with information on best practices already underway in British Columbia and elsewhere."⁵⁵ The review is therefore created to be an external critique, from which recommendations will be provided for improvements and clarifications.

Limitations and Recommendations for Using Performance Measurement Effectively

For the British Columbia provincial government, the aim is to use performance measurement as part of the *Managing for Results* approach to government, whose stages include:

- Strategic planning;
- Program planning;
- Setting priorities and allocating resources;
- Activity planning and organization;
- Management of operations;
- Monitoring operations and measuring results; and
- Analysis of, reporting, and obtaining feedback on results.⁵⁶

Therefore, as mentioned, performance measurement is to be used as a management tool and as part of the larger planning process, such as the multi-year service plans that Crown

⁵⁴ The Budget Process Review Panel. (1999). Credibility, Transparency and Accountability: Improving the BC Budget Process. Government of British Columbia.

⁵⁵ Office of Auditor General of British Columbia. (2001). Building Better Reports: Public Performance Reporting Practices in British Columbia. Government of British Columbia.

⁵⁶ Rutgers Accounting. (2000). Concepts Statement No. 2 of the Governmental Accounting Standards Board, Service Efforts and Accomplishments Reporting.
<http://accounting.rutgers.edu/raw/seagov/pmg/perfmeasures/index/html/>

Agencies provide on a yearly basis. This is precisely how performance measurement is designed to be used; it is not a tool that is to be used on its own, but rather as one aspect of the management process. However, as with all performance processes and evaluation techniques, performance measurement also has its limitations. Organizations need to be aware of these limitations so that performance measurement is utilized to its fullest potential and so that any limitations are addressed at the onset of the cycle, rather than at the end. The following is a list of commonly referred to limitations addressed in the literature. Following this are some corresponding recommendations for addressing the limitations.

Limitations

Performance measurement is not the source of all strategic management and accountability needs; neither does it convincingly address issues of attribution and causality. The literature is very clear about these and other limitations regarding performance measurement and offers explanations for each concern:

1. Performance measurement can tell an organization *what* occurred, but it will not on its own, tell an organization *why* the outcome occurred. As Hatry makes clear, performance measurement "is designed primarily to provide data on outcomes."⁵⁷ This raises the issues of attribution between outputs and outcomes.
2. Performance measurement is best if not done on its own; it is not a panacea for all accountability requirements and should instead be done in conjunction with evaluation and other performance management practices. Bernstein

⁵⁷ Hatry, H. (1999). Performance Measurement: Getting Results. Chapter One. Urban Institute Press.

notes, "Understanding the relationship between performance measures and evaluation...will help maintain a focus on appropriate and inappropriate uses."⁵⁸

3. Some outcomes are 'soft' and therefore difficult to quantify or cannot be directly measured, such as prevention, or long-term outcomes, such as 'improved well-being'.⁵⁹
4. The Auditor General of BC noted that performance measurement may be seen as a personal attack on managers if programs are deemed to be ineffective or not cost-effective. As a result, measures and targets may become vague and general.⁶⁰
5. Performance measurement can be seen to be resource-costly, particularly in terms of employee-time.
6. Perrin argues that varying interpretations exist throughout the world as to the terms and concepts related to performance measurement, which can affect consistency of implementation.⁶¹

In addressing these limitations, the literature provides suggested remedies that organizations can use to minimize the effects of the limitations. These are also provided so that performance measurement is not misused, but rather is used appropriately.

⁵⁸ Bernstein, D. (Winter 1999). Comments on Perrin's 'Effective Use and Misuse of Performance Measurement. American Journal of Evaluation, 20 (1).

⁵⁹ Hatry, H. (1999). Performance Measurement: Getting Results. Chapter One. Urban Institute Press.

⁶⁰ Office of the Auditor General of Canada and the Deputy Ministers' Council. (1996). Enhancing Accountability for Performance: A Framework and an Implementation Plan. Government of British Columbia.

⁶¹ Perrin, B. (Fall 1998). Effective Use and Misuse of Performance Measurement. American Journal of Evaluation, 19 (3).

What' and not 'Why'

In terms of performance measurement having difficulty answering the "how and why" questions, Hatry and others suggest that organizations provide sufficient explanatory information for the reader to be able to fill in these gaps.⁶² In fact, most of the literature addresses the need to provide explanatory information for the reader to explain changes, discrepancies, and those aspects of the performance story that the organization is unable to control. In addition, Mayne asserts that a well-designed logic model, used as a tool, will help increase knowledge and decrease uncertainty around the relationships between outputs and outcomes. He argues that performance measurement should be less about absolute measurement and more about reducing the uncertainty. Mayne provides a six-step process to addressing the attribution issues:

1. Develop the results chain;
2. Assess the existing evidence on results;
3. Assess the alternative explanations;
4. Assemble the performance story;
5. Seek out additional evidence; and
6. Revise and strengthen the performance story.⁶³

Performance Measurement in Conjunction with Evaluation

In terms of performance measurement being only an aspect of the strategic management process, the State of Virginia Department of Planning and Budget agrees with Bernstein's view that performance measurement is best not utilized on its own. The Department

⁶² Hatry, H. (1999). Performance Measurement: Getting Results. Chapter One. Urban Institute Press.

advises that performance measurement should not be a replacement for experimental research, program evaluation, in-depth analysis, or as a "silver bullet" in terms of managing for results. The Department goes on to assert that performance measurement and evaluation should be done in conjunction with one another as complementary processes.⁶⁴

Measuring 'Soft' Outcomes

Regarding the measurement of 'soft' outcomes, some disagreement exists within the literature. For instance, Hatry asserts that when measuring outcomes that cannot directly be measured, such as prevention, it is necessary to measure the opposite trends, such as the number of cases that were not prevented.⁶⁵ Perrin, on the other hand, does not feel that this is an adequate indicator of prevention activities, and suggests a variety of recommendations to increase attribution, such as using a logic model, testing measures, and revising and updating measures on a regular basis.⁶⁶ In response to Perrin, Bernstein argues that although some outcomes are difficult to measure, organizations can use other measures, such as process related measures and explanatory measures to monitor these outcomes until such a time has passed that the outcomes "can be assessed through a combination of performance monitoring and program evaluation".⁶⁷

⁶³ Mayne, J. (2001). Addressing Attribution Through Contribution Analysis: Using Performance Measures Sensibly. *The Canadian Journal of Program Evaluation*, 16 (1).

⁶⁴ State of Virginia Department of Planning and Budget. *Performance Measurement*. 2000.

⁶⁵ Hatry, H. (1999). *Performance Measurement: Getting Results*. Chapter One. Urban Institute Press.

⁶⁶ Perrin, B. (Fall, 1998). Effective Use and Misuse of Performance Measurement. *American Journal of Evaluation*. Vol. 19, Issue 3.

⁶⁷ Bernstein, D. (Winter 1999). Comments on Perrin's 'Effective Use and Misuse of Performance Measurement'. *American Journal of Evaluation*. Vol.20, Issue 1.

Performance Measurement as a Veiled Threat

In a response to the warning the performance measurement may be seen as a personal attack on managers if the measures indicate the program in question is ineffective or not cost-effective, the Auditor General of British Columbia and the Deputy Ministers' Council concluded that lines of accountability need to be clear and consistent. In addition, they advised that accountability needs to be linked and balanced with authority; if a manager is accountable for performance, that manager must also have the authority to make the necessary changes and/or adjustments.⁶⁸

Resource Costly

It is felt that performance measurement can be costly, particularly in terms of employee time. Although this might be true in the beginning of establishing performance measurement as a standard practice, Hatry asserts that the extra cost of training in procedures and the use of data is worthwhile if the result is a more efficient and more effective organization.⁶⁹ In addition, Nakamura and Warburton argue that the costs of performance measurement can be minimized if "the system makes appropriate use of information already being collected and builds on the expertise gained from the related and already established data collection, monitoring, evaluation, and research functions within the public sector."⁷⁰

⁶⁸ Office of the Auditor General of British Columbia and the Deputy Ministers' Council. (1996). Enhancing Accountability for Performance: A Framework and an Implementation Plan. Government of British Columbia.

⁶⁹ Hatry, H. (1999). Performance Measurement: Getting Results. Chapter One. Urban Institute Press.

⁷⁰ Nakamura, A.O., and W. P. Warburton. (Winter 1998). Performance Measurement in the Public Sector. Canadian Business Economics.

Inconsistent Interpretations

Both Perrin and Bernstein have noted the limitation concerning lack of consistent terminology and interpretations. Although this can be seen as a limitation, it can be argued that clear and consistent communication right from the introduction of performance measurement will address this issue satisfactorily. Bernstein asserts that recognizing variation in interpretations, pretesting measures, and providing "clear and unambiguous definitions" to all stakeholders involved can minimize this concern.⁷¹ It is also critical to provide continuous and consistent training for all those involved in the performance measurement process. This may entail hiring a consultant, or 'training the trainer' approaches to encourage ongoing learning.

Performance Measurement in Other Jurisdictions

Performance measurement is currently being practiced by municipal, provincial, and federal levels of government in Canada and their equivalents around the world. This section will provide examples of the best known of these best practices, including Alberta, the federal government of Canada, the state of Oregon, the state of Florida, Australia, and New Zealand.

Alberta

In 1993, the province of Alberta initiated the "development of a comprehensive business planning and performance measurement system,"⁷² which used as its basis the province's overall mission of a "prosperous Alberta with open, accountable government that lives

⁷¹ Bernstein, D. (Winter 1999). Comments on Perrin's 'Effective Use and Misuse of Performance Measurement'. American Journal of Evaluation. 20 (1).

within the taxpayers' means and delivers quality services at a low cost."⁷³ The focus of the performance measurement system is on outcomes, which are used to determine the effectiveness of government policies and programs. The system takes the form of a three-year business planning process and allocates resources to programs on the basis of the results that are achieved. Each *Measuring Up* report is required under legislation called the *Government Accountability Act*.⁷⁴

Federal Government of Canada

In 2000, the federal government identified the need to be committed to citizen-focused, value-driven, results-oriented, and dedicated to responsible spending. To this end, the government adopted *Results Based Management*, which entails three steps: identify the results desired, measure performance, and report on performance in a credible, balanced way. Specifically, departments present clear plans and expected results for each business line in the spring of each year. Performance is then measured against these plans and is reported in a Departmental Performance Report in the fall. In addition, Treasury Board tables an annual report on performance review. This reporting emphasizes program strengths and weaknesses and provides direction in what does and does not work. An attempt is made to tailor the information to the needs of Ministers to strengthen the accountability framework.⁷⁵

⁷² Ogata, K., and Goodkey, R. (1998). *Cambridge Paper: Redefining Government Performance*. Alberta Finance.

⁷³ Treasury Board of Canada Secretariat. (1998). *A Comparative Analysis of Government Performance Measurement Strategies*. Staff Working Paper. Government of Canada.

⁷⁴ Ibid.

⁷⁵ OECD. *Public Management Developments in Canada: Update 2000*. www1.oecd.org/puma/country/Surveys2000ca.htm#G

The State of Oregon

Called *Oregon Shines*, this initiative began in 1989 and is based on the need to retain the values and quality of life within the state, as well as continuing to develop a new economy and cultural life.⁷⁶ It was felt that this was necessary to shift the state from a resource-based economy to an information-based economy; Oregon used a "circle of prosperity", which envisioned a diverse economy while creating opportunities for the citizens and protecting the environment. The state then released a report entitled *Oregon Benchmarks*, which was used to actively monitor the goals set out in the *Oregon Shines* report. Both of these initiatives are administered by an independent agency called the Oregon Progress Board.⁷⁷

The State of Florida

The state of Florida followed the progress of Oregon and other states and in 1992 the state established the Florida Commission on Government Accountability to the People (GAP) as part of the statute *1994 Government Performance and Accountability Act*. The aim was to increase accountability between the state government and the citizens of Florida. The *Florida Benchmarks* was consequently developed and used as a "report card on the 'state of the state' to respond to low public trust in government"⁷⁸. Efforts are now being made to establish a performance based budgeting system.

The systems in both Oregon and Florida are similar in four ways:

⁷⁶ Ibid.

⁷⁷ Ogata, K., and Goodkey, R. (1998). Cambridge Paper: Redefining Government Performance. Alberta Finance.

⁷⁸ Treasury Board of Canada Secretariat. (1998). A Comparative Analysis of Government Performance Measurement Strategies. Staff Working Paper. Government of Canada.

1. Both have adopted an outcome-based system to provide information on progress towards targets;
2. Both were driven by top level political leadership;
3. Both involved public consultation during the development of measures; and
4. Each system was designed to address public accountability and collect information for planning and decision-making.⁷⁹

Australia

The goal of the Australian initiative, entitled the *Report on Government Service Provision* is to deliver efficient and effective government services and ensure accountability in government expenditure, while informing all stakeholders and governments about overall performance and reforms for continuous improvement. The strategy is to report on performance indicators for key services and those that provide overall, system-wide evaluation of efficiency and effectiveness. The formation of a steering committee comprised of representatives from various positions within government helped to develop and create a review of suitable national performance indicators.⁸⁰ In addition, this initiative is based upon a co-operative approach between all the levels of government.⁸¹

⁷⁹ Ibid.

⁸⁰ Steering Committee for the Review of Commonwealth/State Service Provision. (1995). Report on Government Services: 1995. Government of Australia. <http://www.pc.gov.au/gsp/1995/index.html>

⁸¹ Treasury Board of Canada Secretariat. (1998). A Comparative Analysis of Government Performance Measurement Strategies. Staff Working Paper. Government of Canada.

New Zealand

New Zealand is one of the oldest and most established performance measurement systems. Its emphasis is on "broad goal of enhancing public sector financial management vis-à-vis government performance measurement" and aims to "assist the Government to translate its strategy into action, promote informed decision-making and accountability, and encourage a responsive and efficient public sector."⁸² New Zealand's report *Putting it Together: An Explanatory Guide to the New Zealand Public Sector Financial Management System* is used in conjunction with *Departmental Forecast Reports*, *Departmental In-Year Reporting*, and *Annual Reporting* to establish expected performance as a basis for evaluating actual performance, involves regular reports that focus on different aspects of the their inputs, and requires that each department produce an annual report with audited financial statements.⁸³ An interesting aspect of the New Zealand model is that the salaries of the Ministers responsible and high-level bureaucrats are tied to the targets set out each year.

⁸² Ibid.

⁸³ Ibid.

FINDINGS FROM PERFORMANCE MEASUREMENT INTERVIEW DATA

By Christina Zacharuk

The Findings section of the report documents the findings of the interviews that were conducted. All twenty-seven Crown Corporations (referred to as organization (s)) in British Columbia required to submit service plans were invited to participate in a qualitative interview process. The findings were organized through a thematic analysis; the next section of this report, Discussion of Findings, discusses the findings that resulted from the interviews and the consequences for these. A complete methodology can be found at the beginning of this report.

Introduction

The interviews were conducted to determine the current approach organizations take with respect to the performance measurement process and how this process relates to the service planning process. Sixteen of twenty-seven organizations volunteered to participate in the interview process. The response rate of organizations was therefore fifty-nine percent, although in most cases, more than one respondent was interviewed per organization. The findings have been subdivided into five areas: performance measurement and performance measures; the challenges in choosing measures; targets; benchmarks and baselines; and overarching concerns and other input related to the planning process. Within these four areas there emerged themes, anomalies, and diversity.

Performance Measurement and Performance Measures

Resources Dedicated to Performance Measurement

It was anticipated that the resources dedicated to performance measurement per organization would have increased since the passing of the amended *Budget Transparency and Accountability Act* (BTAA) in 2001. Resources in this case refer to both employee hours and proportion of the allocated budget. However, half the respondents interviewed noted that the proportion of dedicated resources has stayed the same, another three noted that the resources are declining, and the rest of the respondents feel that the proportion of resources is increasing. This reduction in all three cases is due to restructuring and downsizing in the number of staff. However, respondents did feel that the decrease in dedicated resources still has an impact, as the proportion of resources dedicated to performance measurement may have been reduced due to the loss of staff. However, the tasks are still necessary and the responsibility for these tasks is passed onto other staff, subsequently taking away time from other activities. The circumstances of those who identified an increase of resources is similar to those respondents who noted that it is decreasing in that they have not lost staff, but time is taken away from other activities and dedicated to the performance measurement requirements. Only one respondent felt that the level of resources dedicated to performance measurement has decreased due to an improvement in automated data collection methods.

Choosing Measures

The process of choosing measures was consistent across the organizations interviewed. All of the respondents interviewed described various feedback loops involving staff,

managers, and the board of directors, where applicable. All but two of the organizations interviewed report to a Board of Directors. However, the size of the organization made a difference. In some cases, this feedback loop consisted of three or four people before the Board was involved, if applicable. In other cases, committees or teams specifically assigned to the service plan and creating performance measures met to discuss the process. For the larger organizations, of which the five largest were interviewed, this process involved a committee or management group that met up to four times per year, as well as teams and retreats that fed into this process. The medium-sized and smaller organizations tended to rely upon in-house expertise, dialogue, debate, and consultations with the management group before presenting the measures for the Board to consider. In all cases where applicable, the Board of Directors has the final say in terms of which measures are to be used in the service plan. It is important to note, however, that in two cases, the Board had either not been appointed yet or the Board consisted of a single trustee overseeing decisions until the Board could be identified. In these cases, choosing performance measures was done primarily in-house.

The basis upon which performance measures were chosen is relatively similar across the organizations. Most respondents, regardless of the size of their organization, noted that they looked at the annual reports and decided which measures were still appropriate according to their business lines. All the organizations asked themselves what the measures chosen would tell the reader of the service plan about the performance of the organization and whether the measures were meaningful or not. This was particularly true for those respondents that mentioned that most of their measures are qualitative in nature or are very difficult to quantify, such as those relating to effectiveness and satisfaction.

Two of the organizations interviewed are in a regulatory role and noted that it is particularly difficult to measure aspects that are out of the organization's control, such as the number of offences that might occur and the effectiveness of addressing these.

Four respondents mentioned that it was imperative to measure only those things that the organization has any control over. This is reflected in the guidelines, which advise that targets and performance measurement should focus primarily on areas over which the organization has some meaningful degree of control. Three organizations noted that they specifically utilise formal planning procedures outlined in literature to help them to decide on measures, such as *The Balanced Scorecard* by Kaplan and Norton, albeit in a somewhat adapted or modified form. It was also mentioned that legislation and the assigned mandate of the organization clearly identifies the realm in which the chosen measures must reign; this provides boundaries within which the business of the organization, and therefore the chosen measures, must exist.

Choosing Key Measures

When choosing key performance measures, the process the organizations embark on is much similar to the process when choosing all measures; however, this process is somewhat shorter, as the board and the management group is responsible for the key decision making. Three organizations noted that legislation and government direction play a key role in the measures chosen, one noted industry standards as highly influential, and another large organization noted that their "sensitive competitive position" as influential on which measures were to be included for the public and their competitors to view, although at least one measure for each of the major goals was included. One large

and one medium sized organization each ask internally within the organization whether the key measures chosen provided an holistic view of the organization and if the measures portray a complete picture of the performance story.

For some organizations, the key measures are the only measures that the organization creates. This is particularly true in the smaller organizations; having a slate of measures from which to choose a few key measures for the service plan is a situation they are not familiar with. For the majority of the large organizations, they are much more concerned with choosing the measures that will provide a holistic view of the organization and provide performance information on all lines of business.

Financial and Non-financial Measures

Respondents were asked to describe the extent to which they include financial and non-financial information when setting performance measures. All the respondents noted the need to measure non-financial information, although some more than others, depending on the nature of the business or services provided by the organization. Specifically, two organizations, one large and one medium sized, noted using more financial than non-financial measures as related to the type of business they are in. Two respondents from one organization noted that they generally did not use any non-financial measures, as they have a regulatory role and their focus is to break even without incurring expenses. Respondents from three organizations specifically noted using an adapted Balanced Scorecard model as an aid for identifying non-financial measures, as well as financial measures. All noted measuring a number of areas, including efficiency, productivity, levels of service, satisfaction, and effectiveness.

Feedback Process for Evaluating Measures

Respondents were asked whether or not a feedback process exists to evaluate performance measurement within the organization. It had been anticipated that the organizations interviewed would have in place a formalized feedback process for evaluating performance measures that were to be included in the planning process, as well as the service plan. It was felt that this would be particularly true for those larger organizations, which have greater resources to dedicate to the planning process. It was also felt that this would be the case for those organizations whose business is more private sector leaning than public sector. Private sector in this case refers to an organization that generally strives to generate profit from its services and tends to be in a competitive market. This is not the case. As with the other areas of the analysis, the variation between the organizations does not allow for many themes or much consistency.

Over two thirds of the organizations engage in a feedback process within the organization to determine the appropriateness of the measures. However, this process is informal and unstructured. It usually takes place by consulting the annual report and determining whether the measures chosen are appropriate and relevant, or simply through dialogue between staff, managers, and the board, where applicable. In addition, this process does not depend upon the size of the organization. This was an unexpected phenomena - it was felt that the larger organizations would engage in a more extensive and formalized process and the smaller organizations would rely on informal interactions between those

involved in the planning process. Only one respondent identified a specific performance measurement committee assigned the task of assessing measures on an on-going basis.

Five respondents identified a further informal feedback process where they engaged with external partners to evaluate measures. This included 'sister' organizations across the country that meet regularly to discuss industry standards and trends, as well as consultation with the Crown Agencies Secretariat (CAS), the appropriate ministry, and consultants, all of which provide informal feedback as to the measures themselves and the measurement process. In some cases, these 'sister' organizations are often part of a national committee, group, or other formalized organization; in other cases, organizations have relationships with individual counterparts across the country. One respondent noted the need for the organization to consult with its 52 municipal partners; these consultations indirectly provide feedback for the measurement process.

Ensuring Appropriateness of Measures

In terms of the appropriateness of measures, respondents were asked to describe how the organization determined whether or not the measures used are the most appropriate for the objective. It was felt that this is particularly important, as attribution is a common concern when using performance measurement systems. It was assumed that if a formalized or structured process was not in place, then the organization was likely to follow many of the same processes as identified in the question pertaining to the feedback process for measures. However, the responses to this question in the interviews brought some of the greatest diversity of responses. Three organizations use open-ended questions, such as "what will success look like two years from now?"; "what would our

audience like to know?"; and "will the measure be meaningful for the audience and the reader?" The answers to these questions help to determine the appropriateness and usefulness of the measures chosen by the organization. Three other organizations specifically rely on their Board, who ultimately have the decision-making authority, to determine the appropriateness of the measures in conjunction with discussions with and presentations by those responsible for the service plan.

One respondent noted that their organization relies upon a survey of its services to provide feedback and respondents from two large organizations noted that they discuss the appropriateness of the measures with their performance measurement committee and each line of business, respectively. To emphasize the diversity of the responses, another organization uses industry standards to determine appropriateness while another noted that it is difficult to determine appropriateness at all due to the contradictory nature of the initial objectives. A final respondent identified a systematic process of working backwards from the "goals, objectives, and strategies to analyse which elements of the organization will be the most significantly affected when the strategies are implemented". The respondent noted that this "early alert" system identifies any deviation from performance and consequently, the adjustment of measures where necessary.

Challenges in Choosing Measures

Respondents were asked to reflect upon any challenges they and their organization face when choosing measures, both in general and for the service plan. It was anticipated that most organizations would encounter at least some challenges in creating and choosing measures. This assumption was based on a variety of circumstances: these organizations

are public sector entities, they often deal with qualitative services or their mandates are not clearly service oriented, such as councils and commissions; outcomes are long-term; and targets are unclear. It was anticipated that the challenges that organizations face in creating performance measures would be similar to those faced by private sector organizations, but would be amplified by the circumstances of the public sector and the fact that many of the organizations, save for a few, have only recently begun implementing performance measurement in earnest.

From this perspective, the respondents interviewed verified these assumptions, save for one. One respondent from an organization stated that the process of creating and choosing measures is a very structured process; industry standards dictate the elements of the organization that should be measured and monitored. Except for this anomaly, all other respondents identified clear and varied challenges. In most cases, a lack of comparability with other organizations, public or private was noted as a key challenge; the ability to benchmark and use best practices is limited. Other challenges included the difficulty in measuring outcomes that are not financial, and therefore, not easily quantifiable in nature; identifying the appropriate level of performance and level of "doability" in circumstances of increased demands from the customer and a decrease in resources; winnowing down the to the most important measures to be included in the service plan; creating measures that satisfy both the 'customers' the organization serves and the public as a whole; and developing methodology to define performance measures appropriate to the organization.

Uniqueness

One key overarching challenge was identified from the responses and can be held as an umbrella under which many other challenges rest. This challenge is that the organizations are unique and cannot be compared to other organizations, public or private. The challenges under the uniqueness umbrella include, as mentioned previously, a wide variety of individual challenges. Organizations feel that CAS needs to recognize individual uniqueness when considering their performance measurement information in the service plans.

Attribution

One key challenge that many organizations recognize is the difficulty with attribution between measures, outputs, and outcomes, as mentioned when it comes to choosing appropriate measures. This is a common challenge in the public sector and one that John Mayne of the Office of the Auditor General of Canada has provided guidance on. Specific challenges included being able to attribute objectives to their quantified outputs and outcomes, and not being able to control factors that contribute to outcomes. How does an organization know that the outputs it is measuring are at all related to the outcomes it is intending to produce and influence? John Mayne asserts the necessity of having clear and useful logic models to aid in reducing uncertainty and increasing confidence.⁸⁴ Only two respondents interviewed mentioned explicitly the use of logic models in addressing the attribution issue, or in aiding any of the performance measurement stages necessary for reporting purposes. This may be due to the relatively new reporting requirements; it makes sense that new systems and processes take time to

be fully implemented and integrated into an organization. Other organizations may also make use of logic models, but respondents did not *explicitly* identify their use in their responses to this question.

Short and Long Term Targets

Respondents were asked to describe how short and long-term targets are set by their organization. The responses have been separated into these two sections, short-term and long-term targets.

Short Term Targets

Over two thirds of the organizations look internally at the historical performance of the organization to determine what is an appropriate short-term target to set. Three respondents specifically mentioned that they consider what is realistic, or what the organization has some control over when setting short-term targets. Other approaches mentioned included using the results of surveys to indicate the direction the organization should move and one respondent noted that because their organization is new and this is the first year they have submitted a service plan, they will be relying on internal baselines to provide target information for the future.

Another respondent noted that it is difficult to establish targets because the organization is new and the mandate changes on a frequent basis. Many of the organizations prefer one to two year targets as they feel that these are most realistic; anything beyond this time period is considered to be contingent on factors such as resources and changing priorities. Most respondents mentioned that financial targets are much easier to predict, not just

⁸⁴ Mayne, J. (2001). Addressing Attribution Through Contribution Analysis: Using Performance Measures

because they are quantifiable, but because organizations generally know the range in which their level of resources will fall within the three years outlined in the service plan.

Long Term Targets

The majority of organizations do not prefer to gauge targets that are more than 3 years and indicated that long-term targets are not realistic and those that can be identified are subject to capacity level and budget. They also indicated that targets are subject to strategies that may change from service plan to service plan depending upon the identified priorities. These same respondents noted that if long-term targets can be identified, they are actually 'stretched' short-term targets. As with setting short-term targets, one respondent from a large organization noted that they focus on where they want to be and what they can realistically do to get there. A handful of respondents referred to the requirements of the service plan guidelines, which only request targets for up to 3 years.

Baselines and Benchmarks

In this section of the interview, respondents were asked to describe how their organization established baselines. Respondents were also asked to describe if their organization benchmarks itself externally in terms of performance measures. It is suggested in the service plan guidelines provided by CAS that external benchmarks should be included in an organization's service plan. Therefore, it was for this reason that the respondents were asked if they did so and how

Baselines

As with the setting of targets, the majority of organizations refer to and analyse historical data from within the organization to set baselines for measures and targets. Two organizations analyse trends to predict and forecast for both financial and non-financial targets. One respondent noted using surveys and independent research organizations to gather information for the creation on baselines.

Benchmarks

In terms of benchmarks, most of the organizations interviewed attempt to benchmark their measures either against similar organizations nationally and internationally. Some organizations use industry standards to benchmark measures, and two respondents identified national committees that their organization belongs to, made up of similar organizations, where they discuss and compare measures. Almost all respondents referred to the unique nature of their organization's business and felt that although it is difficult to benchmark against other organizations, it is usually possible to find *aspects* of other organizations to benchmark against in terms of performance measures. However, three organizations reported that they have no difficulty in finding benchmarking partners for the purposes of benchmarking performance measures. Two organizations reported using external companies to create benchmarks for them in terms of performance measures.

Other Comments and Challenges

When asked to identify any other comments or challenges that organizations face in terms of performance measurement, respondents made a number of comments relating to performance measurement and the service plan process as a whole. This is likely due to

the fact that the interview had two parts, with the first half pertaining to the reporting principles and the second half pertaining to performance measurement; respondents may have 'summed up' overarching challenges.

Comments varied, although one theme emerged from four of the ten organizations that made final comments. Crown organizations would like to see CAS host workshops to provide guidance in the form of case examples and templates for the service plan. It is also felt that these workshops will allow organizations to network amongst themselves and share expertise and lessons learned. It was mentioned by three of these four respondents that they would like to see the resurrection of the Cross Crown Committee that was in place some time ago, which dealt specifically with issues relating to performance measurement and the service planning process. One respondent noted that their organization felt that face-to-face contact between CAS and the organization is very important and goes a long way to establishing stronger relationships and cementing understanding in the service planning process and the subsequent proposed reporting requirements. One other respondent specifically mentioned that it was nice to see representatives from CAS making the effort to come and see them in person, rather than just making a telephone call.

Other comments included a request for clarification of the roles of CAS, OAG (Office of the Auditor General), TBS (Treasury Board Staff), and SSCCC (Select Standing Committee on Crown Corporations), in terms of service plans and annual reports; it was mentioned that these offices tend to supply contradictory guidance and requirements, in their view. Another comment heard throughout the interviews is the need to recognize the

uniqueness of crown organizations and provide flexibility when dealing with reporting requirements. One organization mentioned that CAS needs to remember that although service planning is an important tool for accountability purposes, CAS should also keep in mind that strategic planning is also about running the business.

DISCUSSION OF PERFORMANCE MEASUREMENT FINDINGS

By Christina Zacharuk

The Discussion section of the report focuses on a discussion of the thematic analysis provided in the Findings section, found previous. The discussion outlines a number of issues related to the current performance measurement practices of Crown Corporations (referred to as organization(s)) and the issues that these organizations face when fulfilling the performance measurement requirements for their multi-year service plans. The results of this discussion have a direct impact on the enhancement of the Service Plan Guidelines and provide information for recommendations for the Crown Agencies Secretariat (CAS) that follow at the end of this report.

Introduction

The respondents were asked a number of questions pertaining to performance measurement. The purpose of these questions was to determine how organizations engage in the *process* of performance measurement. That is, how do they go about choosing measures, what do they consider in the process of choosing, and what types of challenges do they face? In addition, the interview was directly enquiring as to the use of tools and aspects of the performance measurement process, such as the use of benchmarking, baselines, and targets. It was assumed that a difference would emerge between the small, medium, and large sized organizations and that a range of factors would influence these changes.

This is indeed the case; however, it is also the case that the differences between the organizations presented a situation, for some questions where few, if any, strong themes emerged. This may be due to the nature of the business that the organizations are in, which varies from service providers to regulatory agencies. Therefore, this group of government organizations can be seen as plethora of organizations gathered under one umbrella, often with the fact that they are government entities as the single linking characteristic. Nonetheless, similarities between all the crowns also emerged. These similarities can be linked to issues surrounding performance measurement common for all organizations, public and private, which are currently being addressed in the mainstream literature, both theoretical and practical. CAS is responsible for providing the organizations with strategic guidance regardless of the size or business of the organization. Consequently, the issues that were raised in the interviews have direct implications as to the guidance provided in the enhanced Service Plan Handbook and information modules. Although the guidelines are generic, they must still attempt to address concerns and provide clarity where and when necessary.

The discussion will focus on four areas that emerged from the findings: performance measurement and organizational culture; areas of meaningful degree of control; resources and performance measurement; and challenges and performance measurement.

Performance Measurement and Organizational Culture

As was noted in the contextual background to the analysis, the crown organizations of British Columbia are legislated through the *Budget Transparency and Accountability Act* (BTAA) to provide accountability information in their multi-year service plans. Since the

purpose of this project is to enhance the existing service plan guidelines to make them more useful in terms of a management tool for the organizations, the questions were aimed at uncovering the process used to meet these requirements. It was anticipated that some of these organizations, particularly large organizations, may have been using a performance measurement system of one sort or another for a number of years. As the BTAA came into effect in 2000, it was anticipated that for a number of organizations, particularly small ones, using performance measurement and performance measures would be a fairly new process.

This was not the case. Although perhaps the large organizations had been utilizing this management process for longer than some of the others in a *formalized* fashion, all the organizations had been tracking and measuring their progress in one fashion or another. Those that have taken a formalized approach generally made use of an adapted or modified version of a planning tool, such as the Balanced Scorecard or Continuous Improvement Measure (CIM). However, even these formalized processes have not been as structured as the current guidelines currently suggest they should be. In many cases, this tracking and measuring process was ad hoc and internal; data was not necessarily centralized, but was available if management chose to seek it. With the amendment to the BTAA in 2001, the service plan requirements recommend that these systems be formalized and structured. They also require that much of this internal information be broadened for reporting to an external audience.

This implies that all organizations need to move toward structured and consistent approaches to performance measurement, if they have not already done so. Those whose

performance measurement processes were not formalized before the amendment to the BTAA in 2001 appear to be struggling to catch up to the reporting requirements. This has been further affected by the Core Review process and the consequential review of resource allocation, both in terms of budget and full time equivalents (FTEs). All of this suggests the need for CAS to recognize the varying levels of performance measurement development and resources of the organizations it provides guidance to in the service plan guidelines and otherwise.

In addition, it is clear from the interviews that the level of comfort in dealing with performance measurement requirements within the service plan guidelines is directly related to how embedded the practice of performance measurement is in the culture of the organization. This is particularly true if the process has been somewhat formalized, rather than the ad hoc or informal internalised processes outlined above. The process of choosing measures and from these, key measures for the service plan, is dependent on this level of comfort and the ease with which organizations face the performance measurement requirements of the BTAA and the service plan guidelines.

As mentioned, it was anticipated that the size of the organization would also have a bearing on its capacity to fulfil the performance measurement requirements. Although this is a factor in the sense that larger organizations may have greater resources (both in terms of FTEs and budget) with which to dedicate to a systematic approach to performance measurement, the extent to which performance measurement is embedded in the culture of the organization had a greater impact than the size of the organization or the resources attached to performance measurement. For performance measurement to be

embedded within the organizational culture, all employees should be aware of the organization's strategy in terms of performance measurement and also understand what their role is in the achievement of its establishment and execution.⁸⁵

It can also be inferred that in order for a process to be embedded within organizational practices, it is necessary that a champion exist within the organization to promote its use. This can be inferred regardless of the motivation for championing the process, whether it be due to the required nature of the process, or simply because the champion feels that it is a viable and beneficial practice. Change management literature refers to the need for a champion to exist within an organization in order to cultivate an environment for organizational learning. Without this environment, organizations may have difficulty cementing practices within the organizational culture.⁸⁶ In addition, how embedded performance measurement is within an organizational culture affects the extent to which a feedback process exists for evaluating performance measures that are chosen. This is to be expected; the more ingrained and systematic a process is, the more likely that the performance measurement cycle will be completed in a systematic and consistent fashion.

It is possible the level to which performance measurement is embedded may be due to the nature of the business of the organization - those that provide services and/or seek to generate a profit have a greater tendency to engage in private sector management practices than those, for instance, who have a regulatory role and/or 'zero revenue' as their mandate or business line. In addition, many of those organizations that have to

⁸⁵ Niven, P. (2002). Embedding the Balanced Scorecard in the Organization's Management System. Primerus Consulting. <http://www.bettermanagement.com/Library/Library.aspx?a=11&LibraryID=2887>

report to a Board of Directors have used the Annual Reports or quarterly reports as a means to do so. Within these reports, many organizations use performance measurement as a means to communicate with and to their board on a regular basis. It is also possible that those with boards may also be influenced by the board's desire to engage in performance measurement, if the board recommends this.

Attribution and a Meaningful Degree of Control

A common issue that plagues organizations, both public and private, is the case of attribution between outputs and outcomes. John Mayne from the Office of the Auditor General's Office of Canada is one of the few to tackle this issue. He notes that this is a common complaint from those in the public sector who rely on strong attribution to justify the existence of a project, program, or service. He argues that performance measurement can be used to decrease uncertainty and increase knowledge in terms of attribution through the use of logic models and other such tools.⁸⁷ Directly related to the attribution issue, many organizations noted in the interviews that they are not able to control factors that contribute to or influence outcomes. This assertion may affect attitudes towards accountability. This is particularly true in British Columbia, where organizations are responsible for reaching set targets; this may affect the types and levels of targets that organizations set.

In relation to this, organizations stated much frustration in not being able to report adequately in the service plan. This is particularly true for those organizations whose

⁸⁶ Clemmer, J. (2003). Balancing Top-Down and Bottom-Up Change Processes. The Clemmer Group. http://www.clemmer.net/excerpts/balancing_top.shtml

business line is somewhat out of their control, such as an organization that plays a regulatory role and is unable to predict the number of offences that may occur in a given year, or an organization that oversees a specific segment within the province, such as a council, and does not provide a specific service or program that, when measured, will reflect the effectiveness of the organization. However, the existing service plan guidelines encourage organizations to focus on those areas over which they have a *meaningful degree of control*.

These common issues and complaints are still being addressed by experts and in the literature. As was mentioned, John Mayne is one of a few to address the attribution issue, and as with other concerns surrounding performance measurement, does not provide any definitive solutions to these common ailments. However, it is clear in the guidelines that organizations should focus on those areas over which they have a meaningful degree of control. Perhaps this issue has not been addressed with enough emphasis within the guidelines. Although all of the organizations reported tracking or measuring their performance in some fashion or another, this process was not necessarily consistent or formalized. This means that those organizations that struggle with performance measurement may have only been tracking financial performance, with or without performance measures relating to service, satisfaction, and other such 'soft' areas.

Another contributing factor to this issue is that this is only the second year that organizations have been required to complete performance measurement sections in the

⁸⁷ Mayne, J. (2001). Addressing Attribution Through Contribution Analysis: Using Performance: Using Performance Measures Effectively. Canadian Evaluation Society. 16 (1).

service plans as per the BTAA requirements and are still struggling with the implementation of such a structured process. It may be that given time and subsequent experience, organizations will be better equipped to tackle these issues. This is particularly true for those organizations, such as those mentioned previously, that struggle with creating broad measures, which are those suggested in the service plan guidelines from CAS.

Measuring 'Soft' Outcomes

Another issue related to the attribution issue is that many of the organizations interviewed have trouble measuring outcomes that are related to 'soft' areas, such as effectiveness and satisfaction, as well as outcomes that are long-term in nature and generally use such terms as 'improve', 'enhance', and 'positively affect'. As with the attribution issue, this is a common complaint from public and private sector organizations. Almost all of the organizations interviewed struggled with measuring these types of outcomes that are generally required in the service plan that aims for broad, strategic measures that will draw a holistic view of the organization for the reader.

Regardless, organizations can measure the outcomes in some way or another. When in doubt, organizations should measure something that is relevant to that piece of the story that they are trying to tell. This, of course, comes back to organizations understanding from the guidelines that they should only try to explain and measure those aspects over which they have some meaningful degree of control. This means when focusing on those 'soft' outcomes, organizations should focus on those aspects of the outcomes that they can control and then try to convey to the reader, through the measures and the service plan,

where they would like the organization to be in one, two, and three years in terms of the aspects of those outcomes that they control. Organizations can also measure trends and milestones as indicators of progress towards these 'soft' and long-term outcomes. The interviews, however, indicate, that a certain level of understanding may be lacking in the finesse of performance measurement amongst some of the organizations. This is not a criticism, per se, but just an indication of information gaps that may need to be filled, in order for performance measurement to be utilized and taken advantage of to its greatest extent.

Ultimately, performance measurement is a tool that is designed to tell the performance story of the organization. This, of course, implies that all aspects of the organization should be included in this story, with financial and non-financial information and measures included. However, as much of the literature makes clear, performance measurement has the ability to tell the reader *what* is happening and not *why*. Hatry asserts this and suggests that performance measurement measures past performance in order that organizations may determine and evaluate performance and use the information to provide baselines for future targets.⁸⁸ It is important for organizations to understand that performance measurement is a strategic management and accountability tool, but it will not tell the whole story on its own.

Variation of Organizations

If any theme emerged from the interviews with the organizations, it is that no strong themes emerged. This is not to say that no 'pockets' of themes emerged, but the variation

⁸⁸ Hatry, H. (1999). Performance Measurement: Getting Results. Urban Institute Press.

between the organizations lent itself as one of the only consistencies across all the questions asked. This in itself can be interpreted as a strong theme from the data and has attached a number of implications for the service plan guidelines, such as the need to incorporate flexibility when dealing with the organizations and interpreting the requirements and the need to be clear about expectations.

In that regard, the assumption of uniqueness by each organization is clearly a stumbling block within organizations for adhering to a structured performance measurement system that will enable them to fulfill the recommendations as required by the BTAA and the CAS Service Plan Guidelines. The very nature of having reporting requirements in circumstances of limited resources implies the necessity of a structured process or approach to fulfilling these requirements.

It is undeniable that organizations, particularly public sector organizations face many challenges in transferring private sector practices into a public sector setting. However, it is not impossible and it is also never going to be ideal. As long as organizations continue to use the uniqueness label as a perceived limitation, organizations will face challenges in moving forward. There is no doubt, however, that the issue must be considered and acknowledged by CAS, particularly in cases of organizations that employ a small number of employees and have a correspondingly small budget

In addition, it will continue to be a challenge in the current climate of providing a stable or increased level of services with decreased resources to take time and resources away

from the business of the organization and focus on new reporting requirements and the processes necessary to fulfill these requirements.

RECOMMENDATIONS FOR PUBLIC PERFORMANCE REPORTING PRINCIPLES AND PERFORMANCE MEASUREMENT

By Carolyn Kamper and Christina Zacharuk

The purpose of these recommendations is twofold. The first purpose is draw on areas of concern that the respondents in the interviews identified. Some of these concerns were used to enhance the service plan guidelines. The second purpose is to use the findings from the interviews to offer suggestions to the Crown Agencies Secretariat (CAS) for their consideration in their daily activities and communication with Crown agencies in British Columbia.

The discussions of the public performance reporting findings and of the performance measurement findings have identified recommendations for the client, CAS, to review and/or undertake further action. The recommendations identified in each discussion section are not mutually exclusive, but demonstrate a great deal of linkage. Therefore, the following recommendations are drawn from a blend of the discussions on performance reporting, as well as the discussions on performance measurement.

Clarification of Goals and Objectives

Many organizations have difficulty distinguishing between goals and objectives on a practical level when preparing their service plans. To reduce uncertainty surrounding goals and objectives in the strategic planning process, it is recommended that CAS enhance descriptions of these elements in the CAS's Service Plan Guidelines. To help reduce this uncertainty for organizations that have not implemented a formal planning system framework, which can help identify an organization's goals and objectives, it is

recommended that CAS provide guidance to the organizations and/or the Board of Directors and the benefits of formalizing their strategic planning processes.

Communicate roles and responsibilities of service plan stakeholders

Some organizations feel that contradictory advice is provided to them from various stakeholders concerning both strategic planning information and performance measurement. With the introduction of the reporting principles, the potential exists for possible misunderstandings. To reduce uncertainty about the roles and responsibilities of stakeholders involved in the service planning process, it is recommended that CAS communicate to Crown agencies what the roles are of each stakeholder in order to reinforce and clarify necessary accountability and approval processes, as well as expectations in regards to performance reporting and performance measurement requirements. Clarification includes how CAS, Treasury Board Staff, the Office of the Auditor General of British Columbia, the Select Standing Committee on Crown Corporations, and the Minister responsible can help each organization in the development of their service plan, as well as what role they play in the approval process.

Increased guidance on how to prioritize and report information in plans and reports

Organizations have noted a difficulty in providing the appropriate level and depth of information in the service plans, both in terms of performance reporting and performance measurement. It is recommended that CAS guide Crown agencies as to how to prioritize information required in the service plan, as well as advising what level of detail should be provided in plans and reports. The increase in reporting requirements stemming from an increased demand for accountability, as well as the public performance reporting

principles for the British Columbia public sector, will necessitate more guidance. It is recommended that CAS continue to work closely with each Crown agency early in the planning cycle and throughout the development of the service plan to determine the necessary information and level of detail required in each plan and report.

Increased Collaboration and Workshops

Organizations strongly support increased guidance in terms of workshops and/or the resurrection of the Cross Crown Committee. To compliment the previous recommendation, it is recommended that CAS provide increased informational guidance. This guidance should be provided in a variety of forms, such as face-to-face meetings between CAS staff with the individual Crown agency, CAS sponsored workshops that are tailored to organizations that are similar in size and scope of activities, resurrection of the cross-Crown committee, and on-going and timely electronic communication to all Crown agencies Chief Executive Officers and individuals responsible for the development of plans and reports. This face-to-face interaction allows organizations to network amongst themselves, share lessons learned, be involved in training and information sessions, and share best practices, both in terms of performance reporting and performance measurement.

Increased Guidance on Performance Measurement

Organizations have noted their frustration in creating measures for those outcomes that are not financial in nature, or that may be long term, such as prevention, well being, and improvement. This is particularly true for those outcomes where it is not easy to identify short-term outcomes and targets are difficult to identify. It is recommended that CAS

work with the organizations to help identify best practices in this area, as well as keep the organizations informed of any identified public sector literature or new information that will enhance the organizations' capabilities to improve their performance measurement information for the service plans. This area should also be emphasized in any workshops provided to Crowns.

Recognize Varying Levels of Performance Measurement Development and Resources

In recognition of the broad diversity of organizations and different levels of development in performance measures and capacity to undertake this development, it is recommended that CAS continue to work to create a climate of continuous improvement for each organization.

Issues of Consideration by the Crown Agencies Secretariat for the Service Plan

Guidelines

It is recommended that CAS make a decision on the following elements in the Service Plan Guidelines for Crown Agencies:

1. Whether or not it is mandatory or strongly encouraged that Crown agencies include an accountability statement from the Chief Executive Officer or the President, a message from the Chief Executive Officer or President, and/or to obtain approval from the Minister responsible for the final board-approved service plan. These elements have been incorporated into the Handbook on Service Plan Guidelines for Crown Agencies as suggestions.

2. Whether or not Crown agencies need to align their values with the values identified in the government's strategic plan. Currently, Crown agencies are only required to align their strategic activities with the government's strategic plan.
3. Whether or not it is a mandatory requirement for each Crown agency to register their service plan with the National Library of Canada and obtain a International Standard Serial Number. This number enables readers and researchers to quickly identify and find government publication. This element has been incorporated into the Handbook on Service Plan Guidelines for Crown Agencies.

Request On-Going Feedback from Crown Agencies on the Service-Planning Process

CAS should continue, through surveys or other instruments, to elicit feedback on the strategic planning process in light of the fact that the reporting principles will be included for the first time in the 2004/2005 - 2006/2007 service plans, as well as the highlighted concerns regarding performance measurement.

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Appendix A

DATE: DECEMBER 19, 2002
TO: CHIEF EXECUTIVE OFFICERS, GOVERNMENT ORGANIZATIONS
RE: SERVICE PLAN GUIDELINES

I am writing to you to introduce a Crown Agencies Secretariat initiative that is aimed at enhancing the existing "Guidelines on Service Plans for Crown Agencies". This document was distributed to you on August 2002 (and is attached for your convenience). The purpose of this initiative is to develop the existing guidelines into a more in-depth handbook that will provide more guidance to Crown agencies on how to develop Service Plans. The handbook will also address two contemporary issues of growing concern: public performance reporting and performance measurement. Enhancement of the Guidelines supports the Crown Agencies Secretariat's goal to put in place the foundations for an effective and accountable system of Crown agencies. One way that the Crown Agencies Secretariat believes it can achieve this goal is by revising and updating the planning, performance measurement and reporting processes and guidelines for Crown agencies.

To ensure that the new guidelines meets the needs of Crown agencies and to undertake an analysis of public performance reporting and performance measurement in Crown agencies, the Crown Agencies Secretariat requests your participation. We would like to consult with the CEO and/or the individual responsible for your organization's Service Plans. The consultation will be a one hour interview to discuss service planning, public performance reporting and performance measurement.

This initiative will be undertaken by Carolyn Kamper, Crown Agencies Secretariat and a consultant Christina Zacharuk. Carolyn and Christina will follow-up to schedule an interview for early January. Please e-mail the name of the participant to Carolyn Kamper at Carolyn.Kamper@gems5.gov.bc.ca by January 2, 2002.

Sincerely,

Sharon Halkett, Chief Executive Officer

<< File: 03-04 revised guidelines Final.doc >>

January 6, 2003

TO: CHIEF EXECUTIVE OFFICERS, GOVERNMENT ORGANIZATIONS

RE: SERVICE PLAN GUIDELINES

On behalf of the Crown Agencies Secretariat, I would like to follow up on an e-mail requesting the name of a Crown agency contact to speak with myself, Carolyn Kamper, and Christina Zacharuk about Service Plan Guidelines. This is part of a Crown Agencies Secretariat initiative to enhance the existing "Guidelines on Service Plans for Crown Agencies".

To ensure that the new guidelines meets the needs of Crown agencies and to undertake an analysis of public performance reporting and performance measurement in Crown agencies, the Crown Agencies Secretariat requests your participation. We would like to consult with the CEO and/or the individual responsible for your organization's Service Plans. Please e-mail the name of the participant to Carolyn.Kamper@gems5.gov.bc.ca.

Thank you,

Carolyn Kamper
Crown Agencies Secretariat

DATE: JANUARY 14, 2003

TO: SERVICE PLAN CONTACTS

FROM: CAROLYN KAMPER and CHRISTINA ZACHARUK

RE: REVISION OF SERVICE PLAN GUIDELINES

In preparation for our meeting on the Service Plan Guidelines, I am attaching the questions that Christina Zacharuk and I would like to ask you during our one hour informal interview. It would be helpful if you could peruse the questions ahead of time so that you have an idea of the topics that we are going to cover. We realize that the scope is rather ambitious considering the time frame, but please be assured that we will stick to the one hour meeting time that we have arranged.

Please do not be concerned with any other preparation - this is an information gathering process that will assist us in making the service plan guidelines more useful to government organizations. In addition, just to let you know, Christina and I are also

graduate students in the Masters of Public Administration (MPA) program at the University of Victoria. With the approval of CAS, we see this as an opportunity to integrate this analysis into our graduate thesis work for the MPA program.

Your participation is greatly appreciated and will provide valuable insight and information as to your views concerning public performance reporting and performance measurement.

If you have any questions before our meeting, please do not hesitate to contact Yvette Wells at (250) 952-0766 or myself at (250) 952-0761.

Thanks again and we look forward to meeting you,

Carolyn Kamper
Crown Agencies Secretariat
Office of the Premier
ph 250 952-0761

Appendix B

Interview Questionnaire

Purpose

The purpose of this interview is to gather information about public performance reporting and performance measurement that will be used in the development of a handbook on Service Plan Guidelines for Crown Agencies.

This interview will take one hour and we will be taking notes during the interview to ensure a high degree of accuracy. If you have any concerns or questions during the interview, please feel free to discuss them with us. You have the right to terminate this interview at any time.

Questions

A. Reporting Principles

1. *The Few, Critical Aspects of Performance*

- How do you identify which objectives, goals and measures are most important to your organization's success?
- Does your organization use a planning system framework (i.e. balanced scorecard, etc.)? If yes, which one?

2. *Relating Results to Risk and Capacity*

- How does your organization identify risks and opportunities? Do you use a planning tool to identify these risks and opportunities, such as a risk management framework?
- How do you address capacity issues that relate to the management of these risks?

3. *Linking Resources, Strategies and Results*

- Does your organization face challenges in explaining information about goals, objectives, strategies and actual results that is not financial in nature? What are those challenges?

4. *Provide Comparative Information*

- Does your organization compare its performance to similar organizations?
- If no, why?
- If yes, how does your organization choose comparable organizations? What are the challenges that your organization faces when comparing itself with another organization?
- How do you communicate to the audience whether or not your performance is improving, deteriorating or remaining the same?

5. *Provide Credible Information, Fairly Interpreted*
 - How does your organization determine what data to collect in order to support the development of performance measures?
 - How does your organization ensure that the data on which you base your measures and external benchmarks on is credible? What are the challenges you face in doing so? (Credible refers to being based on quantitative and qualitative information that is fairly interpreted and presented.)
6. *Disclose the Basis for Key Reporting Judgments*
 - To what degree have you identified the source(s) of any data and any limitations of its use?
7. Overall, can you describe any challenges you face in preparing your Service Plan?

B. Performance Measurements

Section 13 (4) of the Budget Transparency Accountability Act states that annual service plans must include a statement of goals, specific objectives and performance measures, major capital project plans (if applicable) and include other information appropriate. Given this requirement, we would like to ask the following questions.

1. How does your organization choose your performance measurements?
2. How would you describe your level of resources for performance measurement for this fiscal year compared to last fiscal year.
3. How do you determine which are the key performance measurements to include in your Service Plan?
4. What types of challenges do you face in identifying performance measures?
5. How do you predict and set targets for short-term outcomes (less than 3 years)?
6. How do you predict and set targets for long-term outcomes (3 years or more)?
7. How do you establish a baseline for targets?
8. Do you use any external benchmarking, if yes, which ones?
9. When you set performance measures, do you incorporate financial and non-financial information? Please describe.
10. Do you have a feedback process for evaluating the performance measurements? If yes, please describe.
11. How do you decide that the measures that you are using are the most appropriate for achieving the objective that it is measuring?

Appendix C

**Guidelines for
Government Organizations
Service Plans**

Crown Agencies Secretariat

August 2002

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INTRODUCTION

In August 2001, the *Budget Transparency and Accountability Act* (BTAA) was amended to require that three year Service Plans for government organizations be made public annually. The BTAA stipulates that a government organization's Service Plan must:

- Be consistent with the current government's strategic plan;
- Include goals, specific objectives, performance measures, major capital plans and other appropriate or prescribed information; and
- Be comparable to information contained in the Service Plans of other organizations to which the BTAA applies.

Service planning is a rigorous, transparent and comparable process to establish accountability for both financial results and substantive program results of provincial public sector activities. It establishes accountability for results through annual publication of information about intentions, using performance measurement, and publicly reporting results on the same basis.

Service planning and reporting discloses how effective the public sector (including Crown corporations) is at achieving its objectives, and what actions are being undertaken to increase efficiency and effectiveness.

PURPOSE

These guidelines are intended to assist government organizations in developing a service plan that is consistent with the requirements of the BTAA. The guidelines clarify the key elements of a service plan, defined as minimum content requirements. The BTAA also stipulates that the service plan of each government organization must be readily comparable to that of other government organizations covered by the BTAA. These guidelines have been developed so that compliance with the BTAA comparability requirement can be achieved. Comparability does not require all organizations to have the same level of detailed information, given the diverse nature and size of Crown organizations. However, the format and overall content should be comparable.

The guidelines require government organizations to develop service plans that contain information which organizations usually generate annually for strategic or business planning purposes. Organizations will need to have in place strategic and risk management processes that support the development and implementation of service plans.

Some organizations also have to balance the requirement to provide the public with sufficient information to enable an informed assessment of progress towards goals with the necessity to protect commercially sensitive information. The guidelines recognize this circumstance and offer guidance on the protection of confidential information.

DEFINITIONS

The following definitions have been specifically adopted for the purpose of these guidelines:

“Government organization” means a corporation or other organization (other than the government itself) that is within the government reporting entity, as determined by Cabinet after consultation with the Auditor General.

“Planning period” means a minimum of three fiscal years commencing with the fiscal year for which the provincial budget estimates is presented and at least the following two years.

“Service plan” means a plan that reflects the organization’s strategic direction and is made public in compliance with the BTAA.

APPLICATION

These guidelines apply to all government organizations, their subsidiaries, and other operating segments.

MINIMUM CONTENT REQUIREMENTS

This section provides an overview of the key elements for a government organization’s service plan. The key elements constitute the minimum requirements and are not intended to limit the inclusion of any information that the Minister responsible or government organization considers appropriate to improve openness and accountability.

Key Elements

Each key element is described below. To achieve the BTAA comparability requirement, government organizations should ensure that these key elements are included in their service plans and that they adhere to the definitions and general directions included in these guidelines. A checklist is provided in Appendix C to assist organizations to conduct a self-assessment of their service plan’s consistency with these guidelines.

Overview of the Organization

A summary description of the organization, its primary business, core services, enabling legislation and mandate.

Strategic Context

An overview of the organization's vision, mission, values, environmental scan and key strategic issues.

Vision:

A statement describing the organization's desired future state.

Mission:

A statement outlining the primary purpose of the government organization, the business it is in.

Values:

The core values and principles that guide organizational behavior.

Planning Context and Key Strategic Issues:

An analysis of the organization's external economic and business environment, the implications for the organization's performance and key strategic issues, including risks and internal pressures, for the planning period.

This information should facilitate a clear understanding of the strategic challenges facing the organization during the planning period. Changes to an organization's mandate arising from the Core Services Review and related strategic shifts being implemented over the planning period should be identified. As well, the structures and processes by which the organization identifies and manages risks and opportunities that may affect the attainment of its performance targets should be summarized.

Goals, Objectives, Key Strategies, Performance Measures and Targets

Goals and objectives should be appropriate to the organization's vision and mission and should establish the organization's intended results for the planning period. Goals and objectives should be measurable, concrete and tangible. In keeping with the government's focus on service, plans should include specific service - oriented goals or objectives.

For each goal and/or objective there should be specific performance measures, targets and key strategies identified. Each target and performance measure should be defined so that the public understands the terminology being used.

Targets and performance measures should focus primarily on the areas over which an organization has some meaningful degree of control. They should be results-oriented,

and, as much as possible, be benchmarked with similar services provided in other jurisdictions; track progress toward the achievement of specific goals and objectives; and demonstrate a balance between financial and non-financial goals and objectives.

Benchmarking of performance is particularly important to demonstrate to the shareholder, through the budget process, and to the public, how an organization is performing relative to comparable public and private sector organizations, and to highlight areas that may require improvement.

Appendix A provides further guidance on the linkages between goals, objectives, key strategies, performance measures and targets and includes some examples⁸⁹ for each concept.

The selection of performance measures and targets should be guided by the following principles:

- Centered on an organization's vision/mission and core services;
- Valid and reliable;
- Consistent and stable over time;
- Inform the public on the expected level of achievement for the program or activity;
- Widely used and reported on within the industry in which the organization operates; and
- Cover the planning period.

As a general guide, outputs and outcomes should be used for performance measures and targets⁹⁰. The plan should describe the organization's role in contributing to the achievement of specific outcome targets. Efficiency and productivity performance measures should also be included.

For accountability purposes, an organization's goals, objectives and performance measures should be consistent from one planning period to the next. If it becomes necessary for changes to be made, an explanation should be provided in the service plan containing the changes.

⁸⁹ Examples used are primarily service – oriented in keeping with the theme of the plan and reflect one of the government's key priorities for government organizations.

⁹⁰ Outputs are measurable direct results of activities. Outcomes are measurable consequences of a program or project, impacts on the client or public and the results of outputs.

Alignment with Government's Strategic Plan

This section should demonstrate how the organization's service plan is aligned with government's strategic plan, which can be found on-line at:

(http://www.gov.bc.ca/prem/popt/corereview/StrategicPlan/Strategic_Plan_02.pdf)

Summary Financial Outlook

High level financial projections for revenue, expenses, as well as key forecast assumptions and risks should be included. As a guide, a recommended template for the summary financial outlook for the 2003/04 – 2005/06 service plan, is provided in Appendix B. The information provided in the service plan, should be consistent with that included in the provincial budget estimates.

Major Capital Project Information (where relevant)

This section reflects statutory requirements pursuant to the BTAA that apply to government organizations that have made commitments⁹¹ or anticipate making commitments in excess of \$50.0 million towards the capital cost of a project during the planning period. In such cases, the service plan should identify the objectives, costs and benefits and associated risks for the project. Once the capital project has been completed and no further capital costs are anticipated, an organization is no longer required to include this information in their service plans.

Operating Segments Summary Information (where relevant)

For the purpose of these guidelines the recommendations of the Canadian Institute of Chartered Accountants (CICA) are being used with respect to disclosure of information about operating segments⁹² of an organization. However, organizations may not wish to report on operating segments where the revenues, profits (or losses), or assets of the operating segment are less than \$20.0 million. Smaller Crown agencies may capture the strategies, measures and targets related to their key segments in the overall plan.

⁹¹ The amount of money, value of any land, facilities, rights or other benefits and the amount of any guarantees contributed, made in respect of or otherwise provided, or anticipated to be provided toward the capital cost of the project.

⁹² A subsidiary or component that earns revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same organization), for which discrete financial information is available and revenues, profits (or losses), or assets are 10% or more of the organization's total revenue, profits (or losses) or assets.

Inclusion of information on subsidiaries and other operating segments is intended to assist the public to:

- Understand the organization's service plan; and
- Make more informed judgements about the organization as a whole.

At a minimum, the service plan should include the following information on operating segments:

- Goals and/or objectives;
- Key strategies, performance measures, and targets; and
- Information on how the goals and objectives of the operating segment relate to the goals and objectives of the organization as a whole.

It may also be appropriate to include additional information related to the vision, mission, and values of an operating segment. This will be at management's discretion, depending on the relative contribution of the operating segment and of the degree of integration between the vision, mission and values of the operating segment and the organization as a whole.

OTHER REQUIREMENTS

Non - Disclosure of Specific information

A service plan should not contain information that the *Freedom of Information and Protection of Privacy Act* does not require to be disclosed or prohibits from being disclosed. This would include information that falls within the following categories⁹³:

- Cabinet and local public body confidences
- Policy advice, recommendations or draft regulations
- Legal advice
- Information for which disclosure would be harmful including information on the following:
 1. Law enforcement;
 2. Intergovernmental relations or negotiations;
 3. Financial or economic interests of a government organization;
 4. Conservation of heritage sites, etc;
 5. Individual or public safety;
 6. Business interests of a third party; and
 7. Personal privacy.

Government organizations should refer to the *Freedom of Information and Protection of Privacy Act* for clarification on the types of information that fall under each category.

⁹³ Categories as defined in the *Freedom of Information and Protection of Privacy Act*.

If adherence to this section of the guidelines necessitates the exclusion of any key elements or information defined in the minimum content requirement section of these guidelines, the organization should, in its service plan, identify the information to be excluded and provide an explanation for its exclusion. The explanation should be detailed enough to enable the public to understand the rationale for exclusion. Notwithstanding the above, organizations should ensure that the service plan contains adequate information on each key element to enable the objectives of the BTAA to be met.

Title of Plan

The term “Service Plan” should be included in the title of the plan as well as the name of the organization and the planning period covered by the plan.

Form and Language

Every effort should be made to present the information in the service plan in a form and language that is precise and readily understandable. To achieve comparability among organizations (a requirement of the BTAA), government organizations are requested to use or cross-reference the specific terms provided in these guidelines for the key elements.

Approval and Publication Process

The BTAA stipulates that the service plans of ministries and government organizations must be made public⁹⁴ annually on the date that the provincial budget estimates are tabled in the Legislature (i.e., the third Tuesday of every February).

Government Caucus Committees will review and provide input into ministry service plans only. For a government organization, the review and approval of the service plan must be done by the organization’s board of directors with input as required from the shareholder through Ministers responsible, and the Crown Agencies Secretariat (CAS). CAS' role will be to provide assistance to government organizations in the development of their service plans, and to review those plans for consistency with the guidelines. CAS may also consult with Treasury Board and Ministers responsible, if requested, on any of the financial or non-financial aspects of service plans.

⁹⁴ Make public is defined in the BTAA to mean:

- a) either, as applicable,
 - i) laying the document before the Legislative Assembly, if it is in session, or
 - ii) filing the document with the Clerk of the Legislative Assembly, if the Legislative Assembly is not in session, and
- b) making the document available to the general public in a reasonable manner, which may include by electronic means.

If the Legislative Assembly is not sitting at the applicable time, service plans should be filed with the Clerk of the Legislative Assembly.

To facilitate this process, government organizations should forward their board - approved service plans to CAS no later than January 31st every year. Plans may include a Letter of Transmittal to the Minister responsible.

A government organization should also place its service plan on its website as soon as the plan has been tabled in the Legislative Assembly. The service plan should be accessible through a direct access or short-cut button located on the organization's home page and should be located with the organization's Annual Report in order to facilitate ready comparison between the two documents. Hard copies of the plan should also be readily available, on a request basis, to the public.

Appendix A:

Linkages Between Goals, Objectives, Key Strategies, Performance Measures and Targets⁹⁵

PURPOSE:

This Appendix is provided to describe the linkages between the various elements in the “Goals, Objectives, Key Strategies, Performance Measures and Targets” section of a Service Plan.

OVERVIEW:

An organization’s strategy describes:

- What the organization wishes to achieve (goals and objectives);
- How it is going to go about it (key strategies);
- How it will track its progress (performance measures); and
- How it defines success (targets).

Each of these concepts is described briefly in the following section.

KEY CONCEPTS:

GOALS: The high level outcomes that must be realized to achieve the vision.

Goals refer to the high level financial and non-financial/service outcomes that must be realized by an organization in order to achieve its vision. These might include: improve financial performance; increase in satisfied customers; more effective processes; and motivated and prepared employees.

OBJECTIVES: What must be achieved to reach the goals?

Objectives describe what must be achieved by the organization to reach its goals. In comparison to an organization’s goals, objectives are more detailed and refer more directly to the tangible outputs and outcomes of an organization’s strategy. The following are examples of specific objectives that might be adopted by an organization to improve financial performance: (a) reduce costs; (b) exit lines of business where substitute products or services are available; and (c) increase fees/rates to cover a greater proportion of costs. Actions related to increasing customer satisfaction could be: (a) improved responsiveness to customer concerns; (b) improved quality of products/services; and (c) greater choice for customers.

⁹⁵ Adapted from: Kaplan, Robert S. and Norton, David P. (2001). *The Strategy Focused Organization*, Boston: Harvard Business School Press.

KEY STRATEGIES: What is the game plan?

Key Strategies describe specific activities and initiatives to be implemented by an organization in order to achieve the goals and objectives set out in their plan. For each goal and/or objective, strategies should answer the question: What are we going to do to achieve this? Strategies tend to be grouped around key themes.⁹⁶ Examples of strategies for the theme “increase customer value” could include implement a customer relationship management framework; partner with other agencies to provide greater choice; and implement employee-training programs related to customer value.

There will not necessarily be a one-to-one relationship between goals and objectives and strategies (i.e., a strategy can contribute to the achievement of more than one goal and/or objective). It is important however, to ensure that linkages are well understood and defined.

PERFORMANCE MEASURES: How is progress tracked?

Performance measures track the effectiveness of an organization’s strategies. Since these strategies are designed to meet specific goals and objectives, it is logical to develop performance measures related to goals and/or objectives. In developing performance measures, it is possible that some measures may be related to a combination of many inter-related strategies. Therefore some performance measures may be more directly related to outcomes while others might be more directly related to specific objectives. Note that measures of financial performance are generally considered to be outcome measures. The table below demonstrates examples of strategic objective and strategic outcome performance measures.

⁹⁶ Norton and Kaplan note that the strategies of most organizations can be grouped into the following four themes: “Build the franchise”; “Increase customer value”; “Achieve operational excellence”; and “Be a good neighbor”.

INCREASE CUSTOMER VALUE

Measures Related to Objectives	Measures Related to Outcomes
<p><i>Improved responsiveness to customers</i> Customer ratings of responsiveness to their concerns Average response time to customer complaints</p>	<p><i>Satisfied Customers</i> Overall customer satisfaction ratings Rate of customer retention</p>
<p><i>Increase the efficiency of key processes</i> Cycle times for key processes</p>	

TARGET: Defines how an organization measures its success. At what level of performance will goal and objectives be achieved?

Targets define the levels of performance that the organization is setting out to attain. If the targets are appropriate, an organization will be successful in meeting its goals and objectives. Setting targets generally requires establishing a baseline. The target will then specify a defined level of improvement from the baseline level. Establishing a specific level of improvement can be aided by referring to performance levels (i.e., benchmarks) within other similar public and/or private sector organizations locally and in other jurisdictions where comparable information is available. The goal in setting targets should be to strive for excellence.

<i>Improved responsiveness to customers</i>	<i>2003/04</i>	<i>2004/05</i>	<i>2005/06</i>
Customer ratings of responsiveness to their concerns	70%	75%	80%
Average response time to customer complaints	72 hours	48 hours	24 hours
<i>Satisfied customers</i>			
Overall customer satisfaction ratings	70%	75%	80%
Rate of customer retention	90%	95%	98%
<i>Increase the efficiency of key processes</i>	<i>2002/03</i>	<i>2003/04</i>	<i>2004/05</i>
Cycle times for key processes	5% < baseline	10% < baseline	15% < baseline

Appendix B:

**Recommended Template for Summary Financial Outlook
2003/04 – 2005/06 Service Plan**

(\$m)	2002/03 (latest forecast)	2003/04 (budget)	2004/05 (forecast)	2005/06 (forecast)
Total Revenue				
[insert major sources of revenue]				
Total Expenses				
[insert major sources of expenses]				
Operating Income (loss)				
Net Income (loss)				

Key Assumptions	Forecast Risks and Sensitivities
[Insert a list and summary description of key assumptions underlying the summary financial outlook]	[Insert a list and summary description of risks and sensitivities underlying the summary financial outlook]

**Appendix C:
Service Plan Checklist**

<i>I. ARE THE FOLLOWING KEY ELEMENTS CONTAINED IN THE SERVICE PLAN?</i>	
<i>1.1 ORGANIZATION OVERVIEW</i>	
<i>SUMMARY DESCRIPTION OF ORGANIZATION</i>	
<i>PRIMARY BUSINESS ACTIVITIES/CORE SERVICES</i>	
<i>ENABLING LEGISLATION</i>	
<i>MANDATE</i>	
<i>1.2 STRATEGIC CONTEXT</i>	
Vision	
▪ Is the future state of your organization defined?	
Mission	
▪ Is the primary purpose of your organization defined?	
Values	
▪ Are the core values defined?	
Planning Context and Key Strategic Issues	
▪ Is an analysis of the external economic and business environment provided and the implications for performance?	
▪ Are key strategic issues for the planning period provided?	
▪ Does this section provide the reader with a clear understanding of your organization's strategic challenges?	
1.3 Goals, Objectives, Key Strategies, Performance Measures and Targets	
Goals and/or Objectives	
▪ Are the goals/objectives consistent with the mission and vision?	
▪ Are the goals/objectives measurable?	
Performance Measures	
Targets	
Key Strategies	
▪ Is a performance measure, target and key strategy identified for each goal or objective?	
▪ Are service goals or objectives, targets and performance measures identified?	
▪ Are Output and Outcome performance measures and targets used?	
▪ Are the performance measures widely used in the industry or sector in which your organization operates?	
▪ Is every Performance Measure and Target defined?	

1.4 Alignment with government's strategic plan	
Does the plan explain how your organization's service plan is consistent with government's strategic plan/priorities?	
1.5 Summary Financial Outlook	
Total revenue	
Total expenses	
Major sources of revenue	
Major sources of expenses	
Operating income or loss	
Net income or loss	
Key forecast assumptions	
Forecast risks and sensitivities	
1.6 Major Capital Project Plan (where relevant)	
The following with respect to the capital cost, provided or anticipated:	
▪ The amount of money	
▪ The value of any land, facilities, rights or other benefits	
▪ The amount of any guarantees contributed	
1.7 Information on Operating Segments (where relevant)	
Goals and/or objectives	
Key Strategies	
Performance Measures	
Targets	
Relationship between specific goals and objectives and the goals and objectives of the organization as a whole	
2. Other Requirements	
2.1 Non-Disclosure of Confidential Information	
An explanation for any information excluded from the service plan	
2.2 Adequacy of Information provided in the service plan	
Does the service plan for your organization provide information on each key element in the minimum content requirement section of the guidelines?	
2.3 Planning Period	
Does your organization's service plan cover a minimum 3-year period?	
Are the current fiscal year covered and the following 2 years?	
2.4 Title of Plan	
Is the term "service plan"; the name of your organization and the planning period included on the title page of your organization's plan?	
2.5 Form and Language	
Is the information provided in your organization's plan clear and readily understandable?	
Are the terms provided in the guidelines used and the definitions adhered to?	
2.6 Approval and Publication Process	
Has your organization's board of directors approved the service plan?	

If you have any questions about these guidelines, please contact

Crown Agencies Secretariat

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Academic Element of 598 Management Report

SECTION 2

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Product of 598 Management Report, *Handbook on
Service Plan Guidelines for Crown Agencies*

**Strategic Plan for Division of Labour for Elements in the
Handbook On Service Plan Guidelines For Crown Agencies**

Writer Responsible	Element in the Service Plan Handbook
Carolyn Kamper and Christina Zacharuk	Introduction
	Template of Service Plan Elements
	Accountability Statement
	Message from the CEO/President
	Table of Contents
	Minimum Content Requirements
	Approvals
	Contact List
	Timelines
	Title of Plan
	Form and Language
	Glossary
	Service Plan Checklist
Carolyn Kamper	Overview of the Organization
	Strategic Context
	Goals, Objectives, and Key Strategies
	Financial Summary Outlook
	Major Capital Project Information
	Approval and Publication Process
	Module 1: Reporting Principles for British Columbia
	Module 2: Vision and Mission Statements
	Module 3: Development of the Planning Context
	Module 4: Summary Financial Outlook

Writer Responsible	Element in the Service Plan Handbook
Christina Zacharuk	Performance Measurement, Targets, and Benchmarks
	Alignment with Government's Strategic Plan
	Operating Segments Summary Information
	Non-disclosure of Summary Information
	National Library of Canada Cataloguing in Publication Data
	Module 5: Logic Models
	Module 6: Performance Measurement
	Module 7: Performance Measures
	Module 8: Targets
	Module 9: Baselines and Benchmarking

HANDBOOK ON SERVICE PLAN GUIDELINES FOR CROWN AGENCIES

By Carolyn Kamper and Christina Zacharuk

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GUIDELINES FOR GOVERNMENT ORGANIZATION SERVICE PLANS

1.0 INTRODUCTION

1.1 Purpose of the Guidelines

In August 2001, the Government of British Columbia amended the *Budget Transparency and Accountability Act* (BTAA) to provide the legislative framework for planning, reporting, and accountability. One such amendment is the requirement for three-year service plans, which will ensure that government and government organizations clearly outline their goals and enable British Columbians to hold government and government organizations accountable for its decisions and actions.

This is the third year that service plans will have been prepared by government organizations. Each year, government organizations achieve greater skills and knowledge regarding the preparation of service plans. Indeed, fiscal 2002/03 was a year of transition with government-wide restructuring and reorganizing. Despite this, the service plans that were produced showed significant improvements in their content and format. Wayne Strelloff, B.C. Auditor-General, reported that some of the Crown corporations had done the strongest reporting, in his report entitled *Building Better Reports: Our Review of the 2001/02 Reports of Government*.⁹⁷

Bearing in mind the improvements in overall performance reporting, the Crown Agencies Secretariat recognizes that organizations are at different points in the development of their service plans and the use of it as a management tool in strategic planning. In addition, it is recognized that some government organizations have to balance the requirement to provide the public with sufficient information to enable an informed assessment of progress towards goals with the necessity to protect commercially sensitive information. To address these issues and to support Crown agencies in developing their services plans, the Crown Agencies Secretariat has expanded the existing August 2002 Guidelines on Service Plans for Crown Agencies. The purpose of the expanded Guidelines is to provide greater assistance to government organizations in developing a service plan that is consistent with the BTAA. These guidelines also incorporate the recently proposed public performance reporting principles for the public sector in British Columbia.

Highlights of the changes to these Guidelines compared to the August 2002 Service Plan Guidelines for Crown Agencies are as follows:

⁹⁷ Office of the Auditor General of British Columbia. (2003). *Building Better Reports: Our Review of the 2001/02 Reports of Government. 2002/2003: Report 7*. Government of British Columbia.

- Strengthened coverage in the description of each service plan element, such as risk management.
- Information modules for further clarification and suggested approaches.
- Incorporation of the Reporting Principles for BC's Public Sector into the guidelines.
- Accountability Statement (optional)
- International Standard Serial Number (optional)

1.2 Strengthened Coverage in Service Plan Elements

These revised service plan guidelines incorporate additional information on each element in a service plan. One example of an area that has been enhanced is risk management, as it is a best management practice for public sector reporting. Risk management allows for greater public disclosure, understanding, openness and accountability regarding risks and results. Benefits of risk management include: better governance; more informed and defensible decisions; better resource allocation based upon risks and opportunities; efficiencies – controls responsive to risk, reduced stress – less crisis management; and improved performance reporting.⁹⁸ The process of managing risk needs to be ongoing, embedded in the culture of the organization, and have the potential to re-orient an organization in terms of performance improvement.

Another area that has greater emphasis is the recommendation that government organizations incorporate more explanatory information in their service plans. This type of information was required in the 2002/05 and 2003/06 Service Plans, however, due to governmental restructuring and possible changes in performance information, there may be a greater need to include explanatory information in 2004/5 - 2006/07 Service Plans. For example, some organizations realigned their goals, objectives, and strategies with strategic shifts implemented from the Core Services Review. Other organizations may have enhanced their performance measures and may have changed one or all of the performance measures reported in earlier service plans. The key is to include explanatory information, wherever possible, to enhance the reader's understanding of why a government organization may have made changes in its service plan.

1.3 Information Modules

The intention of the revised service plan guidelines is to facilitate the use of service plans as a strategic management tool within government organizations. The expanded guidelines build on the existing service plan guidelines dated August 2002, and add further clarification in certain areas, as well as a new section, which contains information modules. The information modules are intended to provide the reader with further detail about a specific element in the plan. The Crown Agencies Secretariat recognizes the uniqueness of each government organization and that no definitive approach exists to develop and report on an organization's performance. Therefore, these guidelines are not intended to be a how-to guide and do not prescribe any particular process for the

⁹⁸ Dobell, K. Deputy Minister to the Premier and Cabinet Secretary. Office of The Premier. Powerpoint presentation: [Risk Management - the Key to Sound Fiscal Management and Achievement of Results!](#) Government of British Columbia.

development of service plans. Each organization, in consultation with key managers, should design a process that suits the organization's unique needs and circumstances. In this light, the information modules have been incorporated into the guidelines as approaches to strategic planning and address specific areas of concern, such as creating logic models and useful performance measures.

1.4 Public Performance Reporting Principles for the BC Public Sector

In January 2002, the Select Standing Committee of the Legislature on Public Accounts recommended that the government work with the Auditor General and legislators to seek consensus on public performance reporting principles and criteria for the BC public sector. As a result of this work, eight public performance reporting principles and criteria for the BC public sector were drafted. The criteria are self-assessment questions that elaborate on each principle and serve as a guide to incorporating the principles in a plan or report.⁹⁹ Once approved, these principles will become guiding principles for the annual service plan reports and service plans.

BC'S REPORTING PRINCIPLES

1. Explain the public purpose served
2. Link goals and results
3. Focus on the few, critical aspects of performance
4. Relate results to risk and capacity
5. Link resources, strategies and results
6. Provide comparative information
7. Present credible information, fairly interpreted
8. Disclose the basis for key reporting judgements

It is intended that these principles provide a general frame of reference to help those who prepare performance reports understand what is required of them, and those who use performance reports understand what they should expect from them. In this light, it is anticipated that performance reports prepared with the reporting principles as a guide, are useful to:

- Management in its day-to-day and longer term decision-making and activities and the use of the principles and criteria as a self-assessment tool in preparing plans and reports,
- Legislators in reviewing plans and reports, and
- The public in holding government accountable.¹⁰⁰

⁹⁹Prepared by the Sub-Committee on Reporting Principles. (January 2003). Public Performance Reporting Principles for British Columbia's Public Sector. Draft for Comment. Prepared for the Steering Committee on Reporting Principles and Assurance Program. Government of British Columbia.

¹⁰⁰ Ibid.

It is not the intent of the reporting principles to lead to duplication of information in service plans and annual service plan reports. While eight reporting principles have been identified, they should not form the structure of a plan or report. The principles are a way of thinking about the content, completeness and quality of performance reporting. The expectation is that organizations will broadly incorporate all the principles in a plan or report, rather than reporting separately against each principle. It is also recognized that some of the principles that are being proposed are more challenging to implement, in part due to existing organizational resources and capacity. These challenges may result in some organizations taking longer to build processes and structures that are necessary to incorporate these principles into their performance reporting. Based on this recognition, it is foreseen that these principles will help guide organizations throughout different stages towards full implementation of the proposed principles.¹⁰¹

The public performance reporting principles recommended for the BC public sector are based on three fundamental premises:

1. The first premise is that these principles support an open and accountable government that clearly communicates to the public what government strives to achieve and what it actually achieves. This should enhance the quality of public performance reporting and performance information available to decision-makers.
2. The second premise is that the principles should provide a framework for a learning organization, which learns from best practices on public reporting, understands reporting requirements and expectations, implements sound reporting practices and takes corrective action if necessary. The learning process is an evolutionary and iterative procedure.
3. The third premise is that users of performance information have a basis to understand how performance reports are prepared. Based on this understanding users of performance information can assess where an organization is along the continuum to optimum performance reporting.¹⁰²

These principles are now reflected in bold throughout these service plan guidelines. Full description of the principles and criteria and a listing of examples can be found in Module 1.

¹⁰¹Prepared by the Sub-Committee on Reporting Principles. (January 2003). Public Performance Reporting Principles for British Columbia's Public Sector. Draft for Comment. Prepared for the Steering Committee on Reporting Principles and Assurance Program. Government of British Columbia.

¹⁰² Ibid.

2.0 TEMPLATE OF SERVICE PLAN ELEMENTS

The following identifies the minimum content requirements, as well as elements that are optional:

- Title of Plan
- National Library of Canada Cataloguing in Publication Data (optional)
- Accountability Statement (optional)
- Message from CEO/ President (optional)
- Table of Contents
- Organization Overview
- Strategic Context
- Goals
- Objectives
- Strategies
- Performance Measures
- Targets
- Financial Summary Outlook
- Alignment with Government's Strategic Plan
- Major Capital Project Information, where relevant
- Operating Segments Summary Information, where relevant

CONTENT INFORMATION FOR SERVICE PLANS

3.0 ACCOUNTABILITY STATEMENT (OPTIONAL)

The Crown Agencies Secretariat strongly encourages government organizations to include an accountability statement that provides assurance to the reader of the relevance and reliability of the information contained in the service plan.

The accountability statement should be signed by the Chair/CEO and should include the following points:

- The basis on which the information is prepared, and any limitations that apply to its use (including changes in information or presentation from the previous year);
- Confirmation that the Chair/CEO is responsible for the information contained in the plan; and
- An assurance statement regarding the relevance and reliability of the financial and performance based information included in the plan.

4.0 Message From The CEO or President (optional)

If the government organization does not include an accountability statement, which is optional, the Crown Agencies Secretariat encourages organizations to include a message from the CEO or President in the service plan. Service plans may include a Letter of Transmittal to the Minister responsible.

5.0 TABLE OF CONTENTS

The Table of Contents identifies each of the key elements in the service plan, including reference to any elements, such as the accountability statement and/or message from the CEO or President that may appear before the Table of Contents page.

6.0 MINIMUM CONTENT REQUIREMENTS

These service plan guidelines identifies the key elements required in a service plan, defined as minimum content requirements. The key elements constitute the minimum requirements and are not intended to limit the inclusion of any information that the Minister responsible or government organization considers appropriate to improve openness and accountability. Government organizations are encouraged to be as open and accountable as possible within the service plans.

Section 13 of the *Budget Transparency and Accountability Act* (BTAA) states that a service plan for a government organization must include:

- A statement of goals;
- Specific objectives and performance measures;
- Major capital project plans (if applicable); and
- Include other information as appropriate.

In addition, Section 19(3) of the BTAA states, "the information contained in a service plan and annual service plan report under this Act for one organization must be readily comparable to information contained in the service plans and annual service plan reports of other organizations to which this Act applies". In order to achieve this comparability requirement, government organizations should ensure that the minimum content requirements are included in their service plans and that they adhere to the definitions and general directions included in these guidelines. Comparability does not require all government organizations to have the same level of detailed information, given the diverse nature and size of Crown organizations. However, the format and overall content should be comparable.

A Service Plan Checklist is provided in Appendix B to assist organizations conduct a self-assessment of their service plan's consistency with these guidelines. This checklist identifies the minimum information requirements that the Select Standing Committee on Crown Corporations outlines in Table 1 of their June 2002 guidelines, entitled *A Guide to the Operations of the Select Standing Committee on Crown Corporations*.¹⁰³ The checklist also incorporates some self-assessment questions to help ensure that organizations include the key elements in their service plans.

¹⁰³ Agenda and Procedure Subcommittee. (June, 2002). *A Guide to the Operations of the Select Standing Committee on Crown Corporations*. Government of British Columbia.

7.0 OVERVIEW OF THE ORGANIZATION

CHECKLIST:

- **Summary Description**
- **Enabling Legislation**
- **Mandate**
- **Governance**
- **Subsidiary information**
- **Explain the public purpose served**

The first section of the service plan is the Overview of the Organization, which includes a summary description of the organization, its primary business, core services and/or the principal markets it serves, enabling legislation and mandate. The intent of this section is to **explain the public purpose served**, which provides the reader with a clear understanding of the organization's role, whom it serves, and what programs and/or services it delivers.

The summary description of the organization should include a brief description of the governance structure of the organization and in the case of subsidiaries, how the subsidiaries' mission aligns with the organization's mission.

8.0 Strategic Context

CHECKLIST:

- **Vision**
- **Mission**
- **Values**
- **Planning Context (relate results to risk and capacity)**
- **Key Strategic Issues**

The second section also **explains the public purpose served** by identifying the organization's strategic context. The strategic context includes an organization's vision, mission, values, planning context and key strategic issues.

8.1 Vision

The vision statement is a clear and concise statement that describes what success looks like to the organization. The vision statement is based within the scope of the organization's legislation, as well as its potential capabilities. The statement may be supported by an explanatory paragraph to provide more detail to the reader.

Vision refers to a picture of the future with some implicit or explicit commentary on why the organization should strive to create that future. An effective vision statement conveys this picture in a concise statement that describes what an organization aspires to become

over the next 3 to 5 to 10 years.¹⁰⁴ The vision statement answers the question “what is our possible and desired future state?” and describes how an organization wishes to be seen by its clients, customers and constituents. One analogy is to “imagine 5 to 10 years in the future and a person on the street is being interviewed by a news reporter. What would you like that person to say with regard to your organization, its services (products) and achievements (successes)?”¹⁰⁵

Criteria to consider in writing a vision statement include strategic focus and market place competitive advantage, adding value, building on current strengths, and embracing the organization’s values.¹⁰⁶

The vision statement should be written in a straightforward manner and avoid wordy phrases and bureaucratic language.¹⁰⁷ It should be clear, specific, simple, motivational, and realistic. See Module 2 for more information on how to develop a vision statement.

Example of a vision statement:

“To be leader in the regulation of energy providers within the mandate of the Utilities Commission Act and to be respected for our independence, professionalism and competence”.

British Columbia Utilities Commission – Service Plan 2003/04 – 2005/06

8.2 MISSION

The mission statement is a concise statement of an organization’s reason for being. It addresses the basic question: “What is our Business?”¹⁰⁸ This includes a high-level description of an organization’s purpose, people it serves, needs of the public that it meets, and key products or services provided to the public and the intended results.

The mission statement must cascade logically down from the organization’s vision, and in turn; the organization’s goals, objectives and strategies must be consistent with its mission statement. The mission statement may be accompanied by an explanatory paragraph to provide more detail to the reader. See Module 2 for more information on how to develop a mission statement.

Example of a mission statement:

¹⁰⁴Canadian Business Service Centre. Interactive Business Planner. Government of Canada. <http://www.cbsc.org/ibp/main/sbc-text/vision.cfm>.

¹⁰⁵ Reid, W. Grant Thornton. (2000). Service Plan Workshop.

¹⁰⁶ Manning, M. (March 2000). Creating a Vision. SemiConductor Magazine. 1. (3).

¹⁰⁷ Treasury Board of Canada Secretariat. Good Practices for the Preparation of Departmental Performance Reports. Government of Canada. <http://www.tbs-sct.gc.ca/rma/dpr/99-00/guidance/GPGuide.html>.

¹⁰⁸ David, F. R. (1993). Concepts of Strategic Management, 4th Ed., New York: MacMillan Publishing Company.

“The British Columbia Arts Council supports the arts and cultural community to enable it to achieve its creative, social and economic potential by providing financial assistance, advocacy and public education.”

British Columbia Arts Council – Service Plan 2003/04 – 2005/06

8.3 Values

The value statements express an organization’s core values, which are used to guide all organizational activities. Value statements describe the business principles that the organization wants to express, as it works to move in the direction described in the goals. These business principles incorporate the ideals, ethics, or standards that guide the organization’s conduct and foster the culture of the organization.¹⁰⁹ Indeed, all proposed activities should be compared with values to ensure that the organization maintains its integrity and consistency. Values are often referred to as an organization’s culture or philosophy.¹¹⁰

Example of a value statement:

“These values represent our corporate and individual behaviours and define how we will treat our customers, suppliers and each other.

- ***We treat all individuals with fairness, dignity and respect.***
- ***We are open and honest and demonstrate integrity in everything we do.***
- ***We work to know our customers and treat them as partners.***
- ***We make and keep our commitments – get the job done!***
- ***We are flexible, innovative and proactive.***
- ***We work with customers to bring value to our shareholder and the taxpayer.***
- ***We support one another to achieve corporate goals.***
- ***We measure and monitor our performance to established targets.***
- ***We support and develop our people to achieve our corporate and individual potential.***
- ***We are socially and environmentally responsible in our business operations.”***

BC Buildings Corporation – Service Plan 2002/03 – 2005/06

8.4 PLANNING CONTEXT

The planning context provides an organization with information for its strategic planning and its formulation of organizational strategies. It identifies and examines internal and external factors in the environment that can significantly influence the organization’s mission, goals, objectives, and strategies and therefore, its ability to achieve them.¹¹¹

¹⁰⁹ Blackerby, P. (1999). How to Write a 'Plan-to-Plan'. City of Grande-Prairie. http://city.grande-prairie.ab.ca/citygov/bettergov/stratplan/blak_gp.htm.

¹¹⁰ Government of Alberta. (June, 1994). Measuring Performance in Government: A Discussion Paper. Government of Alberta. <http://www.pao.gov.ab.ca/performance/measure/measure-perf-in-govt.htm>.

¹¹¹ Treasury Board Staff, Ministry of Finance. (2002). Guidelines for Ministry Service Plans 2003/04 - 2005/06. Government of British Columbia.

Development of the planning context consists of identifying, monitoring, and evaluating an organization's internal and external strengths, capacities and weaknesses, risks and opportunities and threats.

- External threats and opportunities refer to the economic, social, cultural, demographic, environmental, political, legal, governmental, technological, and competitive trends and events that could significantly benefit or harm an organization in the future.
- Internal strengths and weaknesses refer to controllable activities that an organization performs especially well or poorly. Areas of internal strengths and weaknesses may include management, marketing, finance, accounting, operations, research and development, and computer information systems.

Overall, the goal of the planning context is to help organizations strive to pursue strategies that maximize internal strengths and improve internal weaknesses.¹¹²

The planning context should address internal and external environmental factors that are specific to the planning period. One example of an issue that is specific to the planning period includes changes to an organization's mandate arising from the Core Services Review and any related strategic shifts being implemented over the planning period (see Module 3 for how to develop a planning context).

8.4.1 RISK MANAGEMENT IN PLANNING CONTEXT

Best practices of risk management mean that government organizations should incorporate risk management strategies into their planning context. Risk management is a sound business practice, which enables organizations to manage risk effectively and incorporate risk awareness and treatment into the processes used to pursue organizational objectives.¹¹³ Challenges identified in the planning context that may affect the attainment of organizational performance targets should incorporate, where possible, a brief description of how the challenge(s) will be mitigated. This description should **relate results to risk and capacity** by reporting on results in the context of an organization's risk and its capacity to deliver on its programs, products and services. The purpose of incorporating risk management into the planning context is not to eliminate risk, but to reduce exposure to risk by understanding it and managing it effectively.

¹¹² David, F. R. (1993). Concepts of Strategic Management. 4th Ed., New York: MacMillan Publishing Company.

¹¹³ Dobell, K. Deputy Minister to the Premier and Cabinet Secretary. Office of The Premier. Powerpoint presentation: Risk Management - the Key to Sound Fiscal Management and Achievement of Results! Government of British Columbia.

Risk management strategies in the planning context should briefly address both upside and downside risks, as well as the possibilities of exceeding, meeting or failing to meet organizational objectives and the subsequent consequences of failing to meet these objectives.¹¹⁴ Incorporation of risk management strategies into the planning context may ensure that an organization does not fail to monitor the external environment or form unrealistic or erroneous assumptions about environmental risks. Erroneous assumptions about the environment may cause the organization to retain business objectives or strategies long after they have become obsolete. Risk management strategies in the planning context may also help an organization avoid delays in the approval of strategies. Delays in approval may result in failure to implement a policy, program or project where the optimum window of opportunity is time-limited or situational.¹¹⁵

Self-Assessment Question:

Is there a general assessment on how the world has changed both internally and externally? Are there any significant risks to the plan?

8.4.2 One approach to Risk Management

Risk management is a systematic approach to identifying the most appropriate course of action under uncertainty by identifying, assessing, and acting on risk issues. During the planning process, one approach to addressing risk is to create a risk matrix (see *Figure 1*). In this matrix, organizations can assess where a particular risk falls in terms of likelihood and impact and establish the organizational strategy/ response to manage the risk.¹¹⁶

The first step in completing the risk matrix is for government organization's to list each goal and accompanying objective, strategy, performance measure and target and list the possible barriers (external environment) to achieving the targets. The risk associated with each barrier and the likelihood of the risk occurring can then be plotted on the risk matrix. Once plotted, the matrix identifies risk management actions that an organization may want to focus on or provide explanatory information in its service plan (i.e. risks identified in the matrix as high risk and high likelihood). Risk management done in association with explanatory information will provide the reader with an understanding of the context and likelihood of an organization reaching its projected performance.

*Figure 1: Risk Matrix*¹¹⁷

IMPACT	RISK MANAGEMENT ACTIONS		
High Risk	Considerable management	Must manage and	Extensive management

¹¹⁴ Treasury Board Staff, Ministry of Finance. (2002). Guidelines for Ministry Service Plans 2003/04 - 2005/06. Government of British Columbia.

¹¹⁵ Ministry of Finance. Risk Dictionary. Government of British Columbia. http://www.min.fin.gov.bc.ca/pt/rmb/programs/risk/erm/4_Risk_Dictionary.pdf.

¹¹⁶ Treasury Board of Canada Secretariat. (2001). Integrated Risk Management Framework. Government of Canada.

¹¹⁷ Treasury Board of Canada Secretariat. (2001). Integrated Risk Management Framework. Government of Canada.

	required	monitor risks	essential
Medium Risk	Risks may be worth accepting with monitoring	Management effort worthwhile	Manage and monitor risks
Low Risk	Accept risks	Accept, but Monitor risks	Monitor risks
	Low	Medium	High
LIKELIHOOD (of the risk occurring)			

8.4.3 Capacity in Planning Context

One factor that affects attainment of performance targets is existing organizational capacity available to identify and manage risks and opportunities. To address this issue, it is suggested that organizations identify and provide a brief explanation of their capacity to achieve intended results into the future. Capacity refers to the appropriate combination of authority, funding, people, and infrastructure (including assets, systems and processes) that will allow an organization to achieve its intended results over the long term.¹¹⁸

The Auditor General of British Columbia identifies in the 1997 report entitled *Enhancing Accountability for Performance in the British Columbia Public Sector* that the key elements of organizational capacity include:

1. Leadership and direction: involving planning, communication and employee buy-in, as well as establishment and communication of vision and values, team building, etc.
2. Protection of key assets: property, information systems, and personnel
3. Workforce skills: employee recruitment, training and education, and performance assessment systems; and
4. Financial Condition: including factors such as an organization's financial viability, future tax and revenue requirements, and the ability to maintain or expand the level and quality of services.¹¹⁹

8.5 Key Strategic Issues

A major objective of the planning context is to identify and analyze the key trends and forces that impact the formulation and implementation of strategies. It is unreasonable for government organizations to track every piece of information that may directly or indirectly have some influence on its strategic planning process. Consequently, government organizations must identify what it is in its planning context that has the

¹¹⁸ Draft Progress Report on the February 2002 Recommendations of the Public Accounts Committee of British Columbia Related to Building Better Reports. (March 2003). Provided by the Government of BC and the Auditor General of BC.

¹¹⁹ Auditor General of British Columbia and Deputy Ministers' Council. (1997). Enhancing Accountability for Performance: A Progress Report. Government of British Columbia.

greatest potential significance to the organization and develop its key strategic issues accordingly.¹²⁰

When organizations identify their key strategic issues, they should provide a high-level and brief explanation of each key strategic issue in the service plan. Identification of key strategic issues should be based on assessments of: recent actual performance, the anticipated external business environment, and the organization's strengths and weaknesses. These issues, as identified by the organization's management and its board of directors, should constitute the basis for formulation of organizational strategies for the planning period.¹²¹

Examples of key strategic issues include the need to improve labour productivity or profit margins, to divest non-core business operations, to improve the targeting of services, or to improve the management information systems.¹²²

Self-Assessment Question:

Given the understanding of the current situation, and in relation to the desired outcomes and future state, "What are the key strategic issues that the organization needs to pursue over the planning period?"

9.0 Goals, Objectives, And Key Strategies

The Goals, Objectives and Key Strategies sections should clearly indicate the organization's intentions over the next three years (planning period) by describing the goals and objectives that the organization intends to achieve and with what strategies it proposes to do so.

CHECKLIST:

- Goals
- Objectives
- Key Strategies
- Disclose the basis for key reporting judgements
- Linking goals and results
- Focus on the few, critical aspects of performance

In each of these elements, organizations should **disclose the basis for key reporting judgements**, which identifies to the reader the basis on which information has been prepared and the limitations that should apply to its use.

9.1 GOALS AND OBJECTIVES

Goals and objectives should be appropriate to the organization's vision and mission and should establish the organization's intended results for the planning period. Both goals and objectives should be measurable, concrete and tangible. In keeping with the government's focus on

Step-by-step guide Strategic Planning: What every manager must know. Free Press Paperbacks. New York, NY.

¹²¹ Treasury Board Canada Secretariat. Guidelines for the Preparation of Corporate Plans. Government of Canada. http://www.tbs-sct.gc.ca/pubs_pol/ojepubs/TB_711/CPGU1-2E.html.

¹²² Draft Progress Report on the February 2002 Recommendations of the Public Accounts Committee of British Columbia Related to Building Better Reports. (March 2003). Provided by the Government of BC and the Auditor General of BC.

service, plans should include specific service-oriented goals and/or objectives.¹²³ Goals and objectives should be framed so that their achievement can be clearly assessed.

Self-Assessment Question:

Is there a coherent link from the organization's vision and mission through to its goal and objectives?

9.1.1 Goals

Goals are broad general statements of what an organization is trying to accomplish. They are high level financial and non-financial/service end results/outcomes that must be realized by an organization (or line of business) in order to achieve its vision and mission. Goal statements are intended to be outcome oriented, succinct, realistic and achievable. In addition, goal statements must be measurable and stated in a way that clearly communicates the organization's intended outcomes.¹²⁴

The development of goals should be guided by the following criteria:

1. Goals should cascade down from and support the enabling legislation, mandate, vision, and mission. Therefore, by **linking goals and results**, the reader can discern a logical flow or an inter-related "chain of events" an organization follows, from its vision, mission and mandate, to its goals, objectives, and strategies, through to its performance monitoring and measuring, to its public reporting.
2. If goals are to be considered meaningful by people, they must have certain characteristics. For example, the goals should focus on significant areas of organizational needs and be expressed in a manner that is clear and operational.¹²⁵ Also, goals should be realistic and achievable in the context of the organization's role and resource constraints. Therefore, goals should **focus on the few, critical aspects of performance**.
3. Goal statements should not reiterate the organization's desired future state (its vision). Rather, goals should be concrete result/outcome statements that are realistically achievable by the organization. Goals must answer these questions: What outcome is

¹²³ Crown Agencies Secretariat. (August 2002). Service Plans Guidelines for Crown Agencies. Government of British Columbia.

¹²⁴ Ibid.

¹²⁵ Steiner, G. (1997). A step-by-step guide Strategic Planning: What every manager must know. Free Press Paperbacks. New York, NY.

sought by the goal? What strategic issues is addressed by the goal?, and What performance concept (result) in the goal is measurable?¹²⁶

Examples of goal statements from the 2003/04 - 2005/06 Service Plans:

- ***Increased Housing Options (BC Housing)***
- ***To optimise access to Crown land and water resources by providing timely decisions and a focus on customer responsiveness (Land and Water BC Inc.)***
- ***Increase Provincial P3 Capacity (Partnerships BC)***

9.1.2 Objectives

Objectives are sub-elements of goals. In comparison to goals, objectives are more detailed and refer more directly to the tangible outputs and outcomes of an organization's strategy. Each objective should be linked to one or more goals, as well as flow from the organization's key strategic issues. (The key strategic issues for an organization are partly identified out of the planning context and incorporate the greatest potential significance to the affairs of the organization). Objectives should not simply be restatements of the organization's ongoing mandate.

Examples of objectives from the 2003/04 - 2005/06 Service Plans:

- ***Establish partnerships with community organizations, the private sector, local government and other ministries to create additional locally-based housing options (BC Housing)***
- ***Build a customer service organization that is responsive to customer needs (Land and Water BC Inc.)***
- ***To provide practical expertise and experience in provincial infrastructure procurement and P3 implementation (Partnerships BC)***

9.2 KEY STRATEGIES

Once an organization knows where it is headed, the next step is to determine how to get there. Key strategies are specific activities that an organization will use to accomplish its goals and objectives.¹²⁷ They are the way that an organization intends to accomplish its vision and goals; its approach, or "game plan". In other words, key strategies identify an implementation methodology that will lead to achieving one or more objectives.

¹²⁶ Treasury Board Staff, Ministry of Finance. (2002). Guidelines for Ministry Service Plans 2003/04 - 2005/06. Government of British Columbia.

¹²⁷ Government of Alberta. Results-Oriented Government: A Guide to Strategic Planning and Performance Measurement in the Public Sector. Government of Alberta.

A suggested methodology to develop key strategies is to first identify all of the alternative approaches, rate them according to criteria such as timeliness and projected allocation of resources necessary to achieve the goal and/or objective. Then a set of strategies should be selected that will best achieve the performance target specified in the goals and/or objectives.¹²⁸

Examples of key strategies from the 2003/04 - 2005/06 Service Plans:

- *Identification of opportunities to partner with the non-profit and private sectors in the development of housing options that do not require on-going government subsidy (BC Housing)*
- *Adopt a continuous customer service improvement strategy (Land and Water BC Inc.)*
- *Establish a P3 information Web site including an online business directory (Partnerships BC)*

10.0 Performance Measurement, Targets, And Benchmarks

CHECKLIST:

- Performance measures
- Link goals and results
- Focus on the few, critical aspects of performance
- Present credible information, fairly interpreted
- Provide comparative information
- Targets
- Benchmarks

The government's strategic plan and the business of Crown agencies in British Columbia has evolved in such a manner that it is necessary to emphasize efficiency, effectiveness, transparency, and accountability. With an increase in demand for services from the population with the same or fewer resources; it has never been more important to be transparent and accountable to the public.

The Performance Measurement and Target section should identify the key performance measures and targets, which allow the audience to track an organization's progress towards its goals and objectives. Both of these elements should **disclose the basis for key reporting judgements**, which helps the reader to understand the choices that an organization made in reporting and also to have confidence in what an organization reports.

Under the BTAA Section 16 (3), government organizations are required to report details of their actual results in the *annual service plans* in comparison with the expected performance targets stated in the *service plans*. Government organizations should keep

¹²⁸ Blackerby, P. (1999). *How to Write a 'Plan-to-Plan'*. City of Grande-Prairie. http://www.city.grande-prairie.ab.ca/citygov/bettergov/stratplan/blak_gp.htm.

in mind the need to report actual results in their annual service plan reports in comparison with the expected results in the service plans.¹²⁹

Performance measurement should be part of a larger planning process within the organization, so as to measure progress towards goals and objectives. Performance measurement helps to answer the following questions:



To help answer these questions, a management tool that can be used is a logic model. A logic model is a visual representation that can be created at the organization level, or at the business line/program level. Logic models describe the linkages between and amongst program resources, activities, outputs, and outcomes and will provide an organization with the information necessary to create appropriate measures. A detailed guide to creating logic models can be found in Module 5.

10.1 Performance Measures

Performance measures indicate how an organization is doing and the degree of success it has in achieving its goals, objectives, and strategies. Therefore, it is logical to develop performance measures related to goals, objectives, and strategies and **link goals and results**. In developing performance measures, it is possible that some measures may be related to a combination of inter-related strategies. A clear and useful performance measurement system will provide a meaningful relationship between strategies, outputs, and outcomes. Note that measures of financial performance are generally considered to be outcome measures.

Performance measures should be high-level, results-based, and should enable the government organization to form accurate judgements and make good decisions. For government organizations, it is important to create only *necessary* measures, which support key decisions or judgements, therefore **focusing on the few, critical aspects of performance**. This is not to say that there are a maximum number of appropriate measures and it may not be necessary to have a measure for every strategy. However, each goal and objective must have a corresponding measure. Measuring performance utilizes resources; therefore, it is important (and useful) to restrict an organization's measures to those that will aid in managing business lines/programs. Concentrating on a few critical measures offers an organization the opportunity to reduce the reporting burden and focus the organization on the most important issues.

Performance measures should focus primarily in the areas over which an organization has a *meaningful degree of control*. As much as possible, measures should be benchmarked

¹²⁹ Treasury Board Staff, Ministry of Finance. (2002). Guidelines for Ministry Service Plans 2003/04 - 2005/06. Government of British Columbia.

with similar services provided in other jurisdictions, should track progress toward the achievement of specific goals and objectives, and should demonstrate a balance between financial and non-financial goals and objectives.¹³⁰ Non-financial refers to environmental and social goals and objectives. Organizations should **present credible information, fairly interpreted**, which means that the information you report is credible and it enables the user of the information to readily assess performance.

The table below provides some examples of performance outcome measures:

<ul style="list-style-type: none"> Percentage of customers and associated revenues retained 	<i>(BC Buildings Corporation)</i>
<ul style="list-style-type: none"> Autoplan satisfaction Return on equity on an annual basis 	<i>(ICBC)</i>

Key Performance Measure Questions:

<ul style="list-style-type: none"> <i>Do the measures focus on the critical things that matter?</i> <i>Where measures were 'to be developed' last year, are they now in place?</i> <i>Are the measures relevant and understandable?</i> <i>Are they reliable and verifiable (can the data be collected in a cost-effective manner)?</i> <i>Are they reasonable in the context of information on trends over time?</i> <i>Are they consistent with the capacity of the organization and the risks it faces?</i> <i>Can the organization be held reasonable accountable for the results?</i>

The table below demonstrates an example of how to report goals, objectives, strategies, measures, and targets.

Table 2: Example of reporting goals, objectives, strategies, and targets

GOAL	
OBJECTIVES	
1.	
2.	
3.	
STRATEGIES	
1.	
2.	
3.	
PERFORMANCE MEASURES	TARGETS

¹³⁰ Crown Agencies Secretariat. (2002). Service Plan Guidelines for Crown Agencies. Government of British Columbia.

	Current Year (Benchmark/Baseline)	Year 1	Year 2	Year 3
1.				
2.				

For accountability purposes, an organization's goals, objectives, and performance measures should be consistent from one planning period to the next. If it becomes necessary for changes to be made, explanatory information should be provided in the service plan containing the changes to ensure that the audience has a clear understanding of why the changes were made.¹³¹

Module 7 provides further guidance on the creation of appropriate and useful measures.

10.2 Targets

Targets express pre-set quantifiable performance levels to be attained at a future date. Targets define how an organization measures its success; they define the levels of performance that the organization is setting out to attain. If the targets are appropriate, an organization will be successful in meeting its goals and objectives. Setting targets generally requires establishing a baseline. The target will then specify a defined level of improvement from the baseline level. Establishing a specific level of improvement can be aided by referring to performance levels (e.g., benchmarks) within other similar public and/or private sector organizations locally and in other jurisdictions where comparable information is available.¹³²

The goal in setting targets should be to strive for excellence. Each measure in the service plan should have an associated target, as identified in Table 2. It is recommended that organizations provide a baseline and set consecutive annual targets so that three targets are provided, one for each year in the planning period. Some programs have targets that extend beyond the planning period. In this case, it is suggested that organizations provide other indicators of results that track progress, such as trends (e.g., reporting the number of recorded fires to track progress of a fire prevention program) or milestones.

In other cases where the outcomes of programs/line of business are difficult to quantify or could be affected by external factors, it is suggested that organizations provide target ranges, trends, or milestones in these cases as well. This will provide the reader with an indication of the direction that organization is moving in terms of progress and the associated measures and outcomes. Explanatory information will give the reader insight as to why a target was met, not met, or exceeded.

Like performance measures, an organization's targets should focus on the areas over which an organization *has some meaningful degree of control* and should be results-oriented. They should also track the progress of goals and objectives, and be benchmarked as much as possible with similar services provided in other jurisdictions.

¹³¹ Treasury Board Staff, Ministry of Finance. Guidelines for Ministry Service Plans 2003/04 - 2005/06.

¹³² Crown Agencies Secretariat. (2002). Service Plan Guidelines for Crown Agencies. Government of British Columbia.

Important to Note:

Organizations need to stretch targets, but should be wary of setting overly ambitious targets. If these targets are not met, an organization is susceptible to criticism by the public, which may affect trust in the organization's ability to conduct its business. Aligning performance measurement with the strategic planning process will enhance the accuracy of setting targets with projected funding and/or capacity of the organization. A more detailed discussion of targets, their uses, and attributes of good targets can be found in Module 8.¹³³

When setting targets, organizations should take into account the following:

- Consider past years' trends of output/outcome levels (baselines). These will provide an organization with the information for setting three year targets and provides the reader with information about the success of the organization;
- Targets and their baselines are logically sound, and they measure reliably what they are intended to measure. A well developed and agreed upon logic model (Module 5) will help ensure this; and
- Organizations should carefully consider the expected time frame for outcomes to be realized.¹³⁴

The table below provides some examples of targets for organizations.

Table 4: Examples of targets¹³⁵

Improved responsiveness to customers	Baseline	Year 1	Year 2	Year 3
• Customer ratings of responsiveness to their concerns	75%	75%	75%	80%
• Average response time to customer complaints	72 hours	72 hours	48 hours	24 hours
Satisfied customers				
• Overall customer satisfaction ratings	70%	70%	75%	80%
• Rate of customer retention	90%	90%	95%	98%

It is suggested that organizations include the current year in the targets section to provide the reader with some context for the proposed three-year targets and provide a baseline from which to measure and compare progress.

10.3 Benchmarking

Organizations should **provide comparative information** about past and expected future performance and about the performance of similar organizations when it would

¹³³ Ibid.

¹³⁴ Office of Government Commerce. Successful Delivery Toolkit: Setting Targets. Government of the United Kingdom. <http://www.ogc.gov.uk/sdtoolkit/workbooks/performance/setting.html>

¹³⁵ Crown Agencies Secretariat. (2002). Service Plan Guidelines for Crown Agencies. Government of British Columbia.

significantly enhance a reader's ability to use the information being reported. Comparability refers to the ability to compare information about an organization's performance, such as identifying internal and/or external benchmarks drawn from other organizations, statutory regulation and/or non-statutory norms. Benchmarking is important because it demonstrates to the shareholder and the public how an organization is performing relative to comparable public and private sector organizations and highlights areas that may require improvement.¹³⁶

Examples of benchmarks include *industry standards* and *comparison to past performance*. See Module 9 for further discussion on the creation of performance benchmarks.

11.0 Alignment With Government's Strategic Plan

This section should demonstrate how the organization's service plan is aligned with government's strategic plan. Specifically, the organization should demonstrate how its organizational activities support one or more goals identified in the government's strategic plan. Organizations do not have to align its activities with all of the goals in the government's strategic plan, only the relevant ones. The government's strategic plan can be found on line at (http://www.bcbudget.gov.bc.ca/StrategicPlan/Strategic_Plan_02.pdf).

12.0 FINANCIAL SUMMARY OUTLOOK

This section includes high level financial projections for revenue, expenses, as well as key forecast assumptions and risks. In providing this information, organizations should **link resources, strategies and results** to show how resources and strategies influence results. This will help the reader make meaningful judgements about an organization's funding decisions.

As a guide, a recommended template for the summary financial outlook for the 2004/05 – 2006/07 service plan, is provided in Module 4. The financial information provided in the service plan should be consistent with the provincial budget estimates. Therefore, the organization's totals for 2003/04 – 2004/05 will need to correspond to the amounts contained in the 2004/05 Estimates and appendices to the Estimates, which will be presented to the Legislature on February 17, 2004. Crown agencies are accountable for ensuring that information provided to Treasury Board for the budget is fully consistent with financial information identified in their final board-approved Service Plan.

¹³⁶ University of California, Office of the President, Partnership for Performance. (1997). Benchmarking and the Hunt for best Practices: Measurement Handbook. <http://www.ucop.edu/ucophome/businit/hdbkcontents.html>

Identify the major sources of revenue and expenses in the summary financial outlook template. In addition, briefly describe in bullet format the Key Assumptions and Forecast Risks and Sensitivities below the template. Key Assumptions should include a summary description of key assumptions underlying the summary financial outlook. Forecast Risks and Sensitivities should be a summary description of risks and sensitivities underlying the summary financial outlook. Forecast Risks and Sensitivities should include a brief description of factors that may influence performance expectations, how those risks are being managed, and present sensitivity analyses showing the effect of various plausible outcomes on financial performance over the forecast period. In addition, Key Assumptions and Forecast Risks and Sensitivities should identify and briefly explain any extraordinary variances between planning years.

Does the organization provide the audience with a high level overview of its fiscal picture that shows its key assumptions and its forecast risks and sensitivities?

13.0 Major Capital Project Information (where relevant)

This section reflects statutory requirements pursuant to the BTAA that apply to government organizations that have made commitments or anticipate making commitments in excess of \$50.0 million towards the capital cost of a project during the planning period.¹³⁷ In such cases, the service plan should identify the objectives, costs and benefits and associated risks for the project. Once the capital project has been completed and no further capital costs are anticipated, an organization is no longer required to include this information in their service plans.¹³⁸

14.0 Operating Segments Summary Information (where relevant)

For the purpose of these guidelines the recommendations of the Canadian Institute of Chartered Accountants (CICA) are being used with respect to disclosure of information about operating segments of an organization.¹³⁹ However, organizations may not wish to report on operating segments where the revenues, profits (or losses), or assets of the operating segments are less than \$20.0 million. Smaller Crown agencies may capture the strategies, measure and targets related to their key segments in the overall plan.

¹³⁷ The amount of money, value of any land, facilities, rights or other benefits and the amount of any guarantees contributed, made in respect of or otherwise provided, or anticipated to be provided toward the capital costs of the project.

¹³⁸ Crown Agencies Secretariat. (2002). Service Plan Guidelines for Crown Agencies. Government of British Columbia.

¹³⁹ A subsidiary or component that earns revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same organization), for which discrete financial information is available and revenues, profits (or losses), or assets are 10% or more of the organization's total revenue, profits (or losses) or assets.

Inclusion of information on subsidiaries and other operating segments is intended to assist the public to:

- Understand the organization's service plan; and
- Make more informed judgements about the organization as a whole

At a minimum, the service plan should include the following information on operating segments:

- Goals and/or objectives
- Key strategies, performance measures, and targets; and
- Information on how the goals and objectives of the operating segment relate to the goals and objectives of the organization as a whole.

It may also be appropriate to include additional information related to the vision, mission, and values of an operating segment. This will be at management's discretion, depending on the relative contribution of the operating segment and of the degree of integration between the vision, mission and values of the operating segment and the organization as a whole.¹⁴⁰

15.0 Non-Disclosure Of Specific Information

A service plan should not contain information that the *Freedom of Information and Protection of Privacy Act* does not require to be disclosed or prohibits from being disclosed. This would include information that falls within the following categories¹⁴¹:

- Cabinet and local public body confidences;
- Policy advice, recommendations or draft regulations;
- Legal advice; and
- Information for which disclosure would be harmful include information on the following:
 1. Law enforcement;
 2. Intergovernmental relations or negotiations;
 3. Financial or economic interests of a government organization;
 4. Conservation of heritage sites, etc;
 5. Individual or public safety;
 6. Business interests of a third party; and
 7. Personal privacy.

Government organizations should refer to the *Freedom of Information and Protection of Privacy Act* for clarification on the types of information that fall under each category.

¹⁴⁰ Crown Agencies Secretariat. (2002). Service Plan Guidelines for Crown Agencies. Government of British Columbia.

¹⁴¹ Categories as defined in the *Freedom of Information and Protection of Privacy Act*.

If adherence to this section of the guidelines necessitates the exclusion of any key elements or information defined in the minimum content requirement section of these guidelines, the organization should, in its service plan, identify the information to be excluded and provide an explanation for its exclusion. The explanation should be detailed enough to enable the public to understand the rationale for exclusion. Notwithstanding the above, organizations should ensure that the service plan contains adequate information on each key element to enable the objectives of the BTAA to be met.¹⁴²

¹⁴² Crown Agencies Secretariat. (2002). Service Plan Guidelines for Crown Agencies. Government of British Columbia.

FORMATTING OF SERVICE PLANS

16.0 Approvals

Crown agencies are strongly encouraged to consult with their Minister responsible as part of the finalization process for their 2004/05 – 2006/07 service plans.

17.0 Contact List

It is common practice to include contact information in the service plan to enable a reader the opportunity to contact the government organization. The appropriate level of contact is at the discretion of the government organization. Contact information may include the name of an individual or department in the organization or the organization's Web site.

18.0 Timelines

In order to meet the scheduled February 17, 2004 publication deadline for government organizations, the following is a schedule of key dates:

KEY DATES	
November/ early December	Draft service plans reviewed by the Crown Agencies Secretariat
January	Final service plans shared with Minister responsible
January 31 st	Final service plans sent to Queens Printer
3 rd Tuesday of February	Service Plans tabled in the Legislature
On-going	Review of Service Plans and Annual Reports by Select Standing Committee on Crown corporations

19.0 Title of Plan

The term "Service Plan" should be included in the title of the plan as well as the name of the organization and the planning period covered by the plan.

20.0 Form and Language

Every effort should be made to present the information in the service plan in a form and language that is precise and readily understandable. To achieve comparability among organizations (a requirement of the BTAA), government organizations are requested to

use or cross-reference the specific terms provided in these guidelines for the key elements.

21.0 Approval and Publication Process

The BTAA stipulates that the service plans of ministries and government organizations must be made public¹⁴³ annually on the date that the provincial budget estimates are tabled in the Legislature (e.g., the third Tuesday of every February).

Government Caucus Committees will review and provide input into ministry service plans only. For a government organization, the review and approval of the service plan must be done by the organization's board of directors with input as required from the shareholder through Ministers responsible and the Crown Agencies Secretariat. The Crown Agencies Secretariat's role will be to provide assistance to government organizations in the development of their service plans and to review those plans for consistency with the guidelines. The Crown Agencies Secretariat may also consult with Treasury Board and Ministers responsible, if requested, on any of the financial or non-financial aspects of the service plans. To facilitate this process, government organizations should forward their board-approved service plans to the Crown Agencies Secretariat no later than January 31st every year.

A government organization should also place its service plan on its website as soon as the plan has been tabled in the Legislative Assembly. The service plan should be accessible through a direct access or short-cut button located on the organization's home page and should be located with the organization's Annual Report in order to facilitate ready comparison between the two documents. Hard copies of the plan should also be readily available, on a request basis, to the public.

Government organizations should be prepared to have their service plans reviewed by the Select Standing Committee on Crown Corporations. No later than two weeks before a scheduled meeting, government organizations are required to supply the Committee with their annual reports and service plans, including three-year budget forecasts.¹⁴⁴

¹⁴³ Make public is defined in the BTAA to mean:

- a) either, as applicable,
 - i) laying the document before the Legislative Assembly, if it is in session, and
 - ii) filing the document with the Clerk of the Legislative Assembly, if the Legislative Assembly is not in session, and
- b) making the document available to the general public in a reasonable manner, which may include by electronic means.

If the Legislative Assembly is not sitting at the applicable time, service plans should be filed with the Clerk of the Legislative Assembly.

¹⁴⁴ Select Standing Committee on Crown Corporations Report. (February 2002). The Legislative Assembly of British Columbia.

22.0 National Library Of Canada Cataloguing In Publication Data (optional)

Registering publications with the National Library of Canada broadens an organization's potential audience by providing readers and researchers with the tools to quickly identify government publications. Registered publications are assigned an ISSN (International Standard Serial Number). Registering publications is a best practice, but not a mandatory requirement for government organizations' service plans.

Organizations should directly contact the Cataloguing Division of the Legislative Library (250-387-6506) to submit a copy of the document for publication. The Legislative Library will then register the document with the National Library of Canada and an ISSN will be issued. This information is generally located on the inside cover of a publication, usually before the Table of Contents. The publications will become part of the National Library of Canada Cataloguing in Publication (CIP) Data.¹⁴⁵

Organizations should contact directly the Legislative Library to verify existing registrations, particularly in the case of serial publications, or if any changes (e.g., an organization's name) need to be made to a document already registered and which is also part of a series (e.g., service plan).

¹⁴⁵ Province of British Columbia Legislative Library. (1986). Cataloguing in Publication: A Guide for British Columbia Government Publishers. Government of British Columbia.

Introduction to the Information Modules

The information modules are intended to provide the reader with further detail and examples about a specific element of the service plan. CAS recognizes the uniqueness of each government organization and that no definitive approach exists to develop and report on an organization's performance. Therefore, these information modules are not intended to be a how-to guide and do not prescribe any particular process for the development of these sections of the service plan. Rather, the information modules provide guidance and suggested approaches on areas of concern that government organizations have identified.

The information modules have been ordered in such a way so as to reflect the order of the service plan guidelines and provide continuity for the reader. Some modules are not specific to sections in the guidelines, but are directly related to the creation of such sections, such as performance measurement. Therefore, the information modules are as follows:

Module 1 - Reporting Principles for British Columbia. This module elaborates on the basis and explanation of the public performance reporting principles for the British Columbia public sector and how they are intended to be implemented. This module has been placed first as the principles provide a general frame of reference for an organization's planning and reporting.

Module 2 - Vision and Mission Statements. This module describes vision and mission statements, how to develop both of these, and concludes with attributes of effective vision and mission statements.

Module 3 - Development of the Planning Context. This module expands in the development of the planning context, as well as information on external and internal scans.

Module 4 - Summary Financial Outlook. Module 4 provides the recommended template for an organization to reflect their financial outlook, key assumptions, risks, and sensitivities.

Module 5 - Logic Models. Logic models are directly related to the performance measurement process. Module 5 outlines what logic models are, who creates them, the benefits of logic models, and how to create one. A discussion on the Balanced Scorecard is also included to provide organizations with an example of an organization planning tool, which incorporates performance measurement.

Module 6 - Performance Measurement. This module expands on the theory of performance measurement, as well as some limitations of performance measurement that organizations should be aware of and recommendations to address these limitations.

Module 7 - Performance Measures. This module focuses on attributes of effective performance measures and how organizations can use them effectively.

Module 8 - Targets. Module 8 focuses on the purposes targets serve in the planning process, as well as attributes of effective targets.

Module 9 - Baselines and Benchmarks. This last module discusses the concepts of baselines and benchmarks, as well as information organizations can use to create each baseline and benchmark.

MODULE 1 - Reporting Principles for British Columbia

By Carolyn Kamper

This module elaborates on what the public performance reporting principles for the BC public sector are, how they were developed, how they differ from the national reporting principles developed by CCAF-FCVI, and how they are intended to be implemented.

In January 2002, the Select Standing Committee of the Legislature on Public Accounts reviewed the December 2001 report of the Office of the Auditor General called *Building Better Reports - Public Performance Reporting Practices in British Columbia*. After this review, the Select Standing Committee of the Legislature on Public Accounts recommended that the government work with the Auditor General and legislators to seek consensus on the public performance reporting principles and the criteria that should be used for the BC public sector.

The set of eight principles was developed by a Steering Committee on Reporting Principles and Assurance, which is comprised of senior officers from the government and the Auditor General's Office of British Columbia. Once approved, these principles will become guiding principles for the annual service plan reports and service plans that are prepared by Treasury Board Staff, Ministry of Finance for ministries and the Crown Agencies Secretariat for Crown agencies.

BC'S REPORTING PRINCIPLES

1. Explain the public purpose served
2. Link goals and results
3. Focus on the few, critical aspects of performance
4. Relate results to risk and capacity
5. Link resources, strategies and results
6. Provide comparative information
7. Present credible information, fairly interpreted
8. Disclose the basis for key reporting judgements

BC Reporting Principles versus CCAF-FCVI Reporting Principles

The BC reporting principles were developed after a review of similar statements from other jurisdictions and, in particular, the public performance reporting project of the CCAF-FCVI. This is because the work of the CCAF-FCVI entailed extensive consultation with legislators, auditors and government managers over the last couple of years on principles for performance reporting. The BC reporting principles covers essentially the same ground as those of the CCAF-FCVI, however, there are differences in the way some of the principles are expressed to reflect the governing legislation in BC, as well as current reporting practices in BC. In summary, the BC principles strengthened the link between concepts by combining principles, such as risk and capacity; increased the emphasis for information to be verifiable; and included a principle entitled "Explain the public purpose served".

Summary of BC Reporting Principles

In summary, these principles are:

- highly consistent with the national reporting principles of the CCAF-FCVI. Their report "*Guiding Principles for Public Performance Reporting - Detailed Report*" is available at http://www.ccaf-fcvi.com/ccaf_pprp/network_e.html;
- similar to the reporting principles and practices of other jurisdictions;
- consistent with general thinking in BC, as found in:
 - the *Budget Transparency and Accountability Act*;
 - *Credibility, Transparency and Accountability*, report of the Budget Process Review Panel (the Enns Report);
 - the accountability framework set out in the joint report of the Deputy Ministers' Council and the Auditor General of BC, *Enhancing Accountability for Performance: A Framework and An Implementation Plan*, 1996;
 - Assessment Guide contained in the report, *Building Better Reports – Public Performance Reporting Practices in British Columbia* (Auditor General of BC, 2001/2002, Report 3); and
 - Model for Effective Performance Management and Accountability (Office of the Comptroller General, BC Ministry of Finance, BC), February 2002;
- supported by criteria or self-assessment questions for each of the principles; and
- illustrated with examples of good reporting practices from BC and other jurisdictions.¹⁴⁶

SELF-ASSESSMENT CRITERIA AND EXAMPLES

¹⁴⁶ Draft Progress Report on the February 2002 Recommendations of the Public Accounts Committee of British Columbia Related to Building Better Reports. (March, 2003). Provided by the Government of BC and the Auditor General of BC.

Included with the reporting principles are criteria. Structured as self-assessment questions, the criteria elaborate on each principle and serve as a guide to incorporating the principles in a plan or report. Examples are also provided to help organizations think about different ways to incorporate the principles in their reporting. These examples are not intended to serve as a template that all organizations should follow. In addition, some of the plans and reports listed as an example are significantly longer than recommended, as they go beyond the principle of “focusing on the few critical aspects of performance”. Nonetheless, they have been highlighted because they may stimulate thought as to how a particular reporting principle might be addressed. Naturally, these criteria and the supporting examples accompanying the BC reporting principles will need to be revisited as practice in public performance reporting improves in British Columbia and elsewhere.¹⁴⁷

Implementation of Public Performance Reporting Principles

The intention of the reporting principles is to be more than a public reporting requirement. Rather it is intended that the principles support the government in using planning and reporting as a tool for managing and integrating them into its ongoing management practices.

It is recognized that certain principles will be more challenging to incorporate in the plans and reports than others. As a result, some organizations may take longer to build the processes and structures necessary to support good performance reporting. Clearly organizations will be at different stages toward fully incorporating the principles but, as they gain experience and as practice evolves, organizations should be able to demonstrate steady progress over time. The principles were devised to be adaptable to either a service plan or an annual service plan report. Ultimately, organizations will make the decision, based on guidance from the Treasury Board Secretariat and the Crown Agencies Secretariat and on their own best judgement; as to the degree of duplication and level of detail required in the service plan and annual service plan reports. Organizations should view the principles as a general guide for good public performance reporting.¹⁴⁸

¹⁴⁷ Draft Progress Report on the February 2002 Recommendations of the Public Accounts Committee of British Columbia Related to Building Better Reports. (March, 2003). Provided by the Government of BC and the Auditor General of BC.

¹⁴⁸ Make public is defined in the BTAA to mean:

- c) either, as applicable,
 - iii) laying the document before the Legislative Assembly, if it is in session, and
 - iv) filing the document with the Clerk of the Legislative Assembly, if the Legislative Assembly is not in session, and
- d) making the document available to the general public in a reasonable manner, which may include by electronic means.

If the Legislative Assembly is not sitting at the applicable time, service plans should be filed with the Clerk of the Legislative Assembly.

BC's Eight Reporting Principles	
<p>1. Explain the public purpose served</p> <p>2. Link goals and results</p> <p>3. Focus on the few, critical aspects of performance</p> <p>4. Relate results to risk and capacity</p>	<p>5. Link resources, strategies and results</p> <p>6. Provide comparative information</p> <p>7. Present credible information, fairly interpreted</p> <p>8. Disclose the basis for key reporting judgements</p>
REPORTING PRINCIPLE	SELF-ASSESSMENT CRITERIA
<p>1. Explain the Public Purpose Served</p> <p>Public performance reporting should explain why an organization exists and how it conducts its business. This is important to interpreting the meaning and significance of the performance information being reported.</p> <p>It is not just the <i>raison d'être</i> of an organization that matters in understanding its performance. How an organization delivers its programs, products and services is also key. Several ministries, for example, rely on contractors, private/public partnerships, and transfer payment organizations (such as schools, universities, colleges and health authorities) to deliver government programs, products and services. In these cases, achieving the ministry's goals and objectives is a collective, rather than individual, responsibility.</p> <p>The issue may be somewhat different for Crown corporations. Their governance structures and the roles and responsibilities of the various parties (board, government and the Legislative Assembly) are often complex. Moreover, Crown corporations must balance their public purpose with sometimes competing business interests.</p>	<p>Overall, have you explained the public interest served through your organization, and how it conducts its business?</p> <hr/> <p>Have you adequately explained the organization's purpose, as derived from enabling legislation, and its mission?</p> <p>What are your core business areas and/or the principal markets you serve?</p> <p>Is it clear who you serve – the clients or stakeholders who rely on your programs, products and/or services?</p> <p>Have you provided an overview of the programs and services your organization delivers?</p> <p>Will the reader understand the governance structure of your organization – that is, its key reporting relationships, particularly those that are externally focused?</p> <p>In the case of subsidiaries, have you described how their mission is aligned with the mission of your organization?</p> <p>Have you explained how you deliver your programs, products or services through others? And how you ensure they deliver what you want?</p> <p>Is it clear that your organization is guided by public sector values in delivering its programs, products and services? E.g.:</p>

<p>Public sector organizations are expected to carry out their roles and responsibilities consistent with public sector values. In the conduct of public business, how you deliver your programs, products and services matters.</p>	<ul style="list-style-type: none"> ▪ in an ethical manner ▪ with fair access to business ▪ without personal benefit ▪ in accordance with professional conduct <p>Have you explained any other factors that are critical to understanding your performance?</p>
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Examples to Consider:

BC Buildings Corporation, 2002 – 2005 Service Plan

http://www.bcbc.bc.ca/Corporate/Service-Strategic_Plan/Service-Strategic_Plan_2002-05.pdf

See pages 3 to 5, good explanation of organizations mandate, vision and mission, core services and core values that guide organization.

Health Canada Performance Report 2000/01

http://www.tbs-sct.gc.ca/rma/dpr/00-01/HCan00dpr/hcan0001dpr01_e.asp

See Section II: Departmental Overview. Provides good description of how Health Canada conducts its business and identifies and explains its core services and core business areas.

Please note that page references are the page numbers as they appear in the report, not the pdf number that appears on the sidebar of your computer.

BC's Eight Reporting Principles	
<p>1. Explain the public purpose served</p> <p>2. Link goals and results</p> <p>3. Focus on the few, critical aspects of performance</p> <p>4. Relate results to risk and capacity</p>	<p>5. Link resources, strategies and results</p> <p>6. Provide comparative information</p> <p>7. Present credible information, fairly interpreted</p> <p>8. Disclose the basis for key reporting judgements</p>
REPORTING PRINCIPLE	SELF-ASSESSMENT CRITERIA
<p>2. LINK GOALS AND RESULTS</p> <p>Public performance reporting should identify and explain goals and objectives, and relate results achieved to these goals and objectives.</p> <p>Planning and reporting should be part of an organization's ongoing operations, systems, and decision-making. This suggests there is a logical flow or an inter-related "chain of events" an organization follows, from its vision, mission and mandate, to its goals, objectives, and strategies, through to its performance monitoring and measuring, to its public reporting.</p> <p>By monitoring performance, organizations can learn from what has happened and make adjustments to their plan. These adjustments should be reflected in the annual report as an indication to readers that the organization is aware of its successes and is planning steps, where necessary, to address any shortcomings or changes in its environment. Planning and reporting are part of a continuous cycle: the monitoring and reporting of results helps inform future planning, while the planning process sets out the intended results and the strategies to achieve them.</p>	<p>Overall, will the reader understand:</p> <ul style="list-style-type: none"> ▪ what your organization intends to achieve? ▪ what it actually achieved? and ▪ the impact your results will have on your future direction? <hr/> <p>Will readers understand the logical framework – the "chain of events" – that links your plan and report?</p> <p>Are your goals and objectives well-defined and supportive of your vision and purpose?</p> <p>Are there clear links between your goals/objectives (i.e. your plan) and your results (i.e. your report)?</p> <p>Is your assessment of intended and actual results based on good short and long-term performance measures?</p> <p>Have you explained how short term achievements affect long term goals?</p> <p>Have you explained any differences between actual versus planned results? And what your organization intends to do about it?</p> <p>Do your measures reflect the range of issues that concern the public and legislators? E.g. outcomes as well as outputs (such as quality and efficiency).</p> <p>If your organization relies on alternative delivery systems (such as contractors or public/private partnerships), have you described the performance of the overall</p>

	<p>system?</p> <p>Are the outcomes you're seeking reasonable – that is, is there a plausible link between your actions and your intended outcomes?</p>
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Examples to Consider:

Ministry of Forests 2001/02 Annual Report

http://www.gov.bc.ca/prem/down/annual_rpts/11FORWEB.pdf

See pages 17 to 21 for good linkages of goals to business areas, measures, targets and actual results.

U.S. Department of Housing and Urban Development

<http://www.hud.gov/offices/cfo/reports/7perinfo2001.pdf>

See Page 159 to see how goals, objectives and performance measures (referenced as outcome indicator) are linked. Includes a discussion of results for each measure. Even though this document is lengthy, we have highlighted it because it provides examples, including graphs, of linking goals and results over several years.

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BC's Eight Reporting Principles	
<ol style="list-style-type: none"> 1. Explain the public purpose served 2. Link goals and results 3. Focus on the few, critical aspects of performance 4. Relate results to risk and capacity 	<ol style="list-style-type: none"> 5. Link resources, strategies and results 6. Provide comparative information 7. Present credible information, fairly interpreted 8. Disclose the basis for key reporting judgements
<p>3. Focus on the Few, Critical Aspects of Performance</p> <p>Public performance reporting should focus on the few, critical aspects of performance.</p> <p>This principle reflects the interest of the audience in the larger, overall picture. Few means that the number of goals, objectives and particularly performance measures described are limited in number in the published documents that are directed to legislators and the public. Critical aspects of performance address significance, relevance and the focus on results. What is critical is determined, in part, by:</p> <ul style="list-style-type: none"> ▪ what is of importance to the intended users – hence, the focus of reporting should be driven by the likely use of the information as much as by government's obligation to report; ▪ aspects of performance that the government judges as critical to the organization's success; and ▪ the organization's goals, objectives and intended versus actual results. 	<p>Overall, have you presented a clear, concise and balanced picture of your performance?</p> <hr/> <p>Does your organization's plan and report address what's important to the government at the overall corporate level as reflected in the government's strategic plan?</p> <p>Does your plan and report focus on what's important to the public and legislators? Is it clear what the achievement of the goal means to them?</p> <p>Are your key results (financial and non-financial) clear and readily apparent?</p> <p>Have you explained what's critical to your organization in achieving these goals and objectives?</p> <p>Does the reader know that more detailed information (such as operating or divisional plans) is available?</p> <p>Are your over-riding goals, objectives and planned and actual results obscured by unnecessary detail or complexity?</p>

Examples to Consider:

BC Hydro 2001/02 Annual Report

http://www.bchydro.com/rx_files/info/info3016.pdf

See pages 46 to 53 for a good explanation of how it focused on and presented the few and critical measures in their report.

Alberta Ministry of Human Resources and Employment 2002 – 2005 Business Plan

<http://www.finance.gov.ab.ca/publications/budget/budget2002/human.pdf>

See pages 219 to 225 of the report. Core businesses on page 219 identifies and explains how HRE's plan links to overall government plan. Desired Results and Strategies on pages 220 to 225 explains what is critical to achieve each goal in the strategies and what initiatives will result in goal.

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BC's Eight Reporting Principles	
<ol style="list-style-type: none"> 1. Explain the public purpose served 2. Link goals and results 3. Focus on the few, critical aspects of performance 4. Relate results to risk and capacity 	<ol style="list-style-type: none"> 5. Link resources, strategies and results 6. Provide comparative information 7. Present credible information, fairly interpreted 8. Disclose the basis for key reporting judgements
REPORTING PRINCIPLE	SELF-ASSESSMENT CRITERIA
<p style="text-align: center;"><i>4. Relate Results to Risk and Capacity</i></p> <p>Good performance reporting should report results in the context of an organization's risks and its capacity to deliver on its programs, products and services.</p> <p>Risk is the chance or probability that something undesirable will happen, or that an opportunity will be missed. Capacity refers to the ability of an organization to achieve its intended results into the future. Put another way, "a capable organization is one that can continue to do what it does currently, and is flexible enough to do what is required in the future".¹⁴⁹</p> <p>In practical terms, capacity is the appropriate combination of authority, funding, people, and infrastructure (including assets, systems and processes) that will allow an organization to achieve its intended results over the long term. This encompasses:</p> <ul style="list-style-type: none"> ▪ Leadership and Direction ▪ People ▪ Tangible Assets ▪ Resources ▪ Reputation <p>Risk identification is generally addressed as part of the planning process. Capacity building is typically the response to an</p>	<p>Overall, do you report whether your organization has sufficient capacity to meet its objectives in the future and manage its risks?</p> <hr style="border: 1px solid black;"/> <p>Has there been a shift in your organization's mandate, goals, strategies and/or program delivery? If so, have you explained what the consequences have been or will likely be on your ability to deliver results in the future?</p> <p>In what respect were your results affected by your:</p> <ul style="list-style-type: none"> ▪ risk management? ▪ current capacity? ▪ the capacity of others (such as

¹⁴⁹ State Services Commission. (August, 1999). Measuring Human Resource Capability, Occasional Paper #13. Government of New Zealand.

<p>organization's risk assessment.</p> <p>Reporting would identify:</p> <ul style="list-style-type: none"> ▪ specific dimensions of capacity involved; ▪ explain their importance to the organization's mission, goals or results; and ▪ describe the steps being taken to adjust capacity and/or expectations; or ▪ where capacity is not a consideration, provide a representation to that effect <p>What is appropriate will depend on the public purpose to be served by the organization and the resources available to it.</p>	<p>partners or the private sector)?</p> <p>Have you identified the critical areas where you will need to build your capacity in order to succeed over the long term?</p> <p>Does your organization have the necessary funds, infrastructure and people in place to meet your objectives?</p> <p>Does your plan concisely explain the major risks confronting your organization – in the short term and over the long term? *</p> <p>Have you briefly described what is acceptable to your organization in terms of its tolerance for risk? *</p> <p>Have you summarized your strategies for dealing with the risks you face? *</p> <p>Have you briefly explained how your key risks have influenced the choices you made about your goals, objectives and strategies for delivering your programs and services? *</p> <p>Did you summarize the impact of your strategies and actions in managing risks or capitalizing on your opportunities? *</p> <p>* Note: Additional detail related to risk will be provided in each organization's separate Enterprise Risk Management Plan.</p>
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Examples to Consider:

BC Hydro 2002 – 2005 Service Plan

http://www.bchydro.com/rx_files/info/info1615.pdf

See pages 18 to 20 of the report for sensitivity analysis, which identifies and explains the major risks for the organization and what may impact their performance.

BC Hydro 2001/02 Annual Report

http://www.bchydro.com/rx_files/info/info3016.pdf

See pages 19 to 24 of the report for a good description of its risks and how it has chosen to manage them.

Public Guardian and Trustee 2001/02 Annual Report

<http://www.trustee.bc.ca/2001-2002%20Annual%20Report%20ws.pdf>

See pages 26 to 27 of the report for a discussion on its risk management strategies and its capacity limitations.

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BC's Eight Reporting Principles	
<ol style="list-style-type: none"> 1. Explain the public purpose served 2. Link goals and results 3. Focus on the few, critical aspects of performance 4. Relate results to risk and capacity 	<ol style="list-style-type: none"> 5. Link resources, strategies and results 6. Provide comparative information 7. Present credible information, fairly interpreted 8. Disclose the basis for key reporting judgements
REPORTING PRINCIPLE	SELF-ASSESSMENT CRITERIA
<p>5. Link Resources, Strategies and Results</p> <p>PUBLIC PERFORMANCE REPORTING SHOULD LINK FINANCIAL AND PERFORMANCE INFORMATION TO SHOW HOW RESOURCES AND STRATEGIES INFLUENCE RESULTS.</p> <p>This principle is directed at understanding the link between financial and human resources and the organization's performance. It views funding as a means to an end – more specifically, an organization's ability to deliver on its plan – but also recognizes funding as a critical element in an organization's ability to continue operations. Thus linking financial and operational goals, objectives and results is important to any public sector organization.</p>	<p>Overall, is it clear how your funding has influenced your:</p> <ul style="list-style-type: none"> ▪ goals, objectives and strategies; and ▪ actual results? <hr/> <p><i>Is the nature of your funding clear? Have you explained what key activities account for your major funding?</i></p> <p>Can the reader make meaningful judgements about your funding decisions? Have you explained your planned and actual costs in terms of your:</p> <ul style="list-style-type: none"> ▪ core business areas; ▪ key goals, objectives and strategies; and ▪ results achieved? <p>Does the reader understand how your current funding compares to past and forecasted funding?</p> <p>Have you explained the key service planning and delivery assumptions that drive your financial plan?</p> <p>Have you provided the reader with trend information about your planned and actual expenditures?</p> <p>Where there are variances, have you explained what happened and why, and what adjustments the organization will be making?</p> <p>Are your resources (inputs such as dollars and FTEs) linked to your volume/units of services (outputs) in a way that will help the reader to</p>

	<p>understand the efficiency and economy of your operations?</p> <p>Are your decisions surrounding the organization's strategies explained within the context of available funding?</p> <p>Is it clear how the level of funding or any changes affected the results you were seeking?</p> <p>Have you included information about major capital plans?</p> <p>Have you provided basic financial information (such as financial statements, in the case of Crown corporations)? Are they supported by management's discussion and analysis?</p>
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Examples to Consider:

Ministry of Forests 2001/02 to 2003/04 Performance Plan

http://www.for.gov.bc.ca/pab/publetns/perf_plans/2001_02/MOFPerfPlan2001_02.pdf

See page 33 for good linkages between goals, business areas and expenditures.

BC Securities Commission 2001/02 Annual Report

http://www.gov.bc.ca/cas/down/2001_02_annual_reports/bcsc_ar_2001_02.pdf

See pages 28 to 30 of the report for linkages between expenses and business areas.

Alberta Learning 2001/02 Annual Report

<http://www.learning.gov.ab.ca/annualreport/2002/results.pdf>

See page 38 to 41 of the report for linking resources to strategies.

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BC's Eight Reporting Principles	
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REPORTING PRINCIPLE	SELF-ASSESSMENT CRITERIA
<p>6. PROVIDE COMPARATIVE INFORMATION</p> <p>Public performance reporting should provide comparative information about past and expected future performance and about the performance of similar organizations when it would significantly enhance a reader's ability to use the information being reported.</p> <p>Comparability refers to the ability to compare information about an organization's performance with:</p> <ul style="list-style-type: none"> • previous periods and/or • external benchmarks drawn from other organizations, statutory regulation and/or non-statutory norms <p>Comparative information puts the organization's performance in context, allowing a reader to judge:</p> <ul style="list-style-type: none"> ▪ whether an organization's performance is improving, deteriorating or remaining unchanged; and ▪ whether targets are ambitious, mediocre or attainable. <p>To allow for comparisons, there must be consistency in the way information is measured and presented. This includes consistency in the organization's form and content of reporting over time. It should also allow for comparisons with similar organizations.</p>	<p>Overall, does the reader understand:</p> <ul style="list-style-type: none"> ▪ whether your performance is improving, deteriorating or remaining static, and why? ▪ what your expectations are for the future? <hr/> <p>Are there clear comparisons in form and content between your:</p> <ul style="list-style-type: none"> ▪ plan and your report? ▪ plans and previous results? <p>Have you provided sufficient information for the reader to judge your performance relative to:</p> <ul style="list-style-type: none"> ▪ your past performance? ▪ the performance of others in your sector or industry? ▪ sector or industry standards, benchmarks or best practices? <p>Have you explained any year over year data inconsistencies that impact the reader's understanding of the organization's performance?</p> <p>Have you included multi-year trend data, for your funding, outputs and outcomes, including to the extent possible, forecasting information?</p> <p>Have you provided relevant economic, social or demographic information to put results into context?</p>

Examples to Consider:

BC Hydro 2001/02 Annual Report

http://www.bchydro.com/rx_files/info/info3016.pdf

See pages 46 to 56 of the report for the corporation's performance measures, most of which have trends and/or benchmarks.

The Alberta Children and Youth Initiative 2000 – 2001 Annual Report

http://www.child.gov.ab.ca/acyi/pdf/ab_child_initiative.pdf

See pages 21 – 37 of the report for multi-year trend data and some forecasting information and benchmarks. Most measures include explanations so reader can understand if performance is improving, deteriorating or remaining static.

U.S. Department of Veterans Affairs, 2002

http://www.va.gov/budget/report/2002_PerfMeas.pdf

Tables provide comparisons over time as they show trend data for 5-year period and associated target levels. Some data displayed in tables with goal status (met/ not met). Good descriptions provided for each measure. 15 page document, see page 128 of the report for example.

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REPORTING PRINCIPLE	SELF-ASSESSMENT CRITERIA
<p>7. Present Credible Information, Fairly Interpreted</p> <p>PUBLIC PERFORMANCE REPORTING SHOULD BE CREDIBLE – THAT IS, BASED ON QUANTITATIVE AND QUALITATIVE INFORMATION THAT IS FAIRLY INTERPRETED AND PRESENTED.</p> <p>The information presented should strike a balance among the following attributes:</p> <p>Consistency – means measuring and presenting information consistently from one period to the next, and clearly explaining any breaks in the consistency of reported information.</p> <p>Fairness – means the information is honestly reported and is neutral or free from bias, with checks and balances against subjectivity.</p> <p>Relevance – means that information relates to government's objectives and the extent to which results are achieved. Results should deal with effectiveness, efficiency and costs.</p> <p>Reliable – means the information is, in all significant respects, <i>complete</i> or free from significant omissions. Reliable also means the information is reasonably <i>accurate</i> or free from material error. “Reasonably accurate” refers to the cost-benefit of producing reliable information.</p> <p>Verifiable - means the information can be</p>	<p>Overall, is the information you report credible (i.e. has integrity) and does it enable the user to readily assess performance?</p> <hr/> <p>Have you been complete in your reporting, covering all key aspects of performance?</p> <p>Are your performance measures relevant? Are they measuring what they purport to measure?</p> <p>Are you consistent in your reporting of performance measures from one year to the next? If not, have you explained why not?</p> <p>Are your measures generally accepted as reasonable measures? Are they widely used within your sector or industry?</p> <p>Is the data you report accurate?</p> <p>Is the content of your plan and report written in a precise and readily understandable manner?</p> <p>Is it believable – that is, have you reported both successes and shortcomings in a neutral manner?</p> <p>Is the information you report accurate?</p> <p>Has the source of the data been identified?</p> <p>Can the information be traced to a reliable source?</p> <p>Can the information be replicated or reconstructed, if necessary, from supporting documentation?</p> <p>Are the conclusions you state in your report</p>

<p>reproduced or traced and independently verified.</p> <p>Understandable – means the reporting avoids jargon and vagueness, and is succinct. The information is presented in a format and using language that helps the reader appreciate its significance.</p> <p>Timely – means received in sufficient time to inform decision making. Timeliness for management means information is available for management decision making on a routine basis. Timeliness for legislators and the public means meeting legislated public reporting timeframe commitments that are designed to inform future policy decisions.</p>	<p>fair and sound?</p>
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Examples to Consider:

Toward British Columbia North Star 2010: Second Annual Benchmarking Report BC Progress Board, December 2002

<http://www.bcprogressboard.com/2002Report/RptCh3.pdf>

See page 82 of the report for an example of how to represent source and data limitations.

Alberta Learning 2001/02 Annual Report

<http://www.learning.gov.ab.ca/annualreport/2002/ResultsReport.pdf>

See pages 11 to 15 of the report for layout of outcomes, performance highlights and opportunities for improvement. Each highlight and opportunity is rated against performance targets.

Ministry of Management Services 2002/05 Service Plan, Appendix E: Performance Measure Methodologies

<http://www.msers.gov.bc.ca/rpts/methodology.pdf>

See Appendix E which goes beyond Principle 3 – Focus on the Few Critical Aspects of Performance. While detailed, the report does provide an example of how to present credible information.

United States Department of Transportation 2001 Performance Report

<http://www.dot.gov/performance/appendix1.html>

See pages 1-4 of the report for discussion on data completeness, reliability, verification, validity and data limitations. See page 5 of the report for an example of identifying measures and including descriptions on the scope, source, limitations, statistical issues, verification and validation, and a comment for each measure. Even though this document is lengthy, we have highlighted it because it provides examples of presenting credible information.

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BC's Eight Reporting Principles	
<ol style="list-style-type: none"> 1. Explain the public purpose served 2. Link goals and results 3. Focus on the few, critical aspects of performance 4. Relate results to risk and capacity 	<ol style="list-style-type: none"> 5. Link resources, strategies and results 6. Provide comparative information 7. Present credible information, fairly interpreted 8. Disclose the basis for key reporting judgements
REPORTING PRINCIPLE	SELF-ASSESSMENT CRITERIA
<p>8. Disclose the Basis for Key Reporting Judgements</p> <p>Public performance reporting should disclose the basis on which information has been prepared and the limitations that should apply to its use.</p> <p>In particular, public performance reports should explain:</p> <ul style="list-style-type: none"> ▪ the basis for selecting the few, critical aspects of performance on which to focus; ▪ changes in the way performance is measured or presented compared to previous year(s); ▪ the rationale for choosing the performance measures; ▪ the means of providing assurance on the veracity and completeness of information presented; this may mean external validation, such as through studies done on a national basis comparing provinces or through independent assurance, and ▪ the basis on which those responsible for the report hold confidence in the reliability of the information being reported. 	<p>Overall, will the reader:</p> <ul style="list-style-type: none"> ▪ understand the choices you've made in reporting? and ▪ have confidence in what you report? <hr/> <p>Will the reader understand the basis on which the few, critical things that matter have been determined?</p> <p>Where changes have occurred in your goals, objectives, or performance measures, have you made this clear to the reader? Have you explained why these changes were made?</p> <p>On what basis are you confident that the data you report is relevant and reliable?</p> <p>On what basis are you confident that your interpretation of the data is reasonable?</p> <p>Have you explained the rationale for choosing the performance measures and targets you have?</p> <p>Have you identified the source of your data and any limitations in its use?</p> <p>Where your information is incomplete, have you:</p> <ul style="list-style-type: none"> ▪ provided baseline data instead; or ▪ indicated when the information will be available? <p>Has the information been corroborated to other sources to ensure its validity?</p> <p>Has the information been verified by</p>

	<p>independent parties? The scope of the verification may vary, from confirming the accuracy of statistics presented, through expressing opinions on systems of control, to commenting on the relevance of the information presented and whether it was fairly interpreted. (Note that an approach to independent assurance is under development in B.C.)</p>
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Examples to Consider:

Toward British Columbia North Star 2010: Second Annual Benchmarking Report, BC Progress Board, December 2002

<http://www.bcprogressboard.com/2002Report/RptCh3.pdf>

See page 79 of the report for a description of why the BC Progress Board chose the performance indicators it did.

Social Security Administration Performance and Accountability Report 2001

<http://www.ssa.gov/finance/2001/01oigfs.pdf>

See pages 223-229 of the report as this organization included an audit report as a means of providing assurance on information that they provide. We recognize that this document is very long and it goes beyond the principle of focusing on the few critical aspects of performance. Even though this document is lengthy, we have highlighted it because it provides one approach to providing assurance.

Report on Government Services 2002, Chapter 5, Steering Committee Publication, Australia

<http://www.pc.gov.au/gsp/2002/chapter05.pdf>

See page 238 of the report as an example for basis for key reporting judgements further improvements.

Report on Government Services 2002, Chapter 5, Steering Committee Publication, Australia

<http://www.pc.gov.au/gsp/2002/chapter05.pdf>

See page 202 of the report as an example for key reporting judgements disclosed.

Please note that page references are the page numbers as they appear in the report, not the pdf number that appears on the sidebar of your computer.

GLOSSARY

Principles The fundamental tenets that guide public performance reporting practice.

They are intended to provide a general frame of reference to assist those who prepare performance plans and reports and those who use them.

Criteria

An explanation or elaboration of the principles or a guide in meeting the principles. This may be demonstrated through narrative description, self-assessment questions and/or by way of examples.

MODULE 2 – Vision and Mission Statements

By Carolyn Kamper

THIS MODULE DESCRIBES WHY IT IS IMPORTANT TO HAVE A CLEAR AND CONCISE VISION AND MISSION STATEMENT, AS WELL AS SUGGESTED APPROACHES TO DEVELOPING THESE STATEMENTS. THE MODULE CONCLUDES WITH CHARACTERISTICS OF AN EFFECTIVE VISION STATEMENT.

The vision statement describes the organization's desired future state. In contrast, the mission statement describes the purpose of the organization and how it does business. Both of these statements should be clear and concise for the following reasons:

1. To ensure unanimity of purpose within the organization;
2. To provide a basis, or standard, for allocating organizational resources;
3. To establish a general tone or organizational culture;
4. To serve as a focal point for individuals to identify with the organization's purpose and direction;
5. To facilitate the translation of objectives into a work structure involving the assignment of tasks;
6. To identify responsible elements within the organization; and,
7. To specify organizational purposes and the translation of the purposes into objectives in such a way that cost, time, and performance parameters can be assessed and controlled.¹⁵⁰

An organization that cannot translate its vision into terms that can be understood and acted upon may encounter fundamental disagreement about how to translate the vision and mission statements into actions. The consequence of this disagreement is fragmentation of efforts. This is because when the vision statement lacks consensus and clarity, different groups may pursue different agendas, according to their own interpretations of vision.¹⁵¹

The Process of Developing a Vision and Mission Statement

¹⁵⁰ King, W. R. and D. I. Cleland. (1979). *Strategy Planning and Policy*. New York: Van Nostrand Reinhold.

¹⁵¹ Kaplan, R. S., and Norton, D. P. (1996). *The Balanced Scorecard: Translating Strategy into Action*. Harvard Business School Press.

The process of developing a vision and mission statement for a government organization should begin with the enabling legislation and mandate, as these strongly influence the current business and future direction of the organization. Development of a vision and/or mission statement should remain within the scope of this legislation, as well as the organization's potential capabilities.

Development of a good vision statement may be challenging, as it should reflect an organization's present actions while representing the desired future. The vision statement should also factor in existing competencies while identifying what's missing and how to overcome any limitations.¹⁵² A vision is not something overly specific in nature. The vision is a short thoughtful statement about what one would like to accomplish in the upcoming year without it becoming a goal itself.¹⁵³ The vision statement may be accompanied by an explanatory paragraph.

One approach to develop a vision statement is to seek answers to the following questions:

- 1) What kind of organization do you want to become?
- 2) What reputation would you have?
- 3) What contribution would you make?
- 4) Would your products and services expand?
- 5) Would your customer/ client base change?
- 6) How would your people work together?
- 7) What values would you embody?¹⁵⁴

Another approach to develop either a vision or a mission statement is to provide senior management with articles about mission statements and ask them to personally prepare a vision and/or mission statement for the organization. A facilitator may then merge the drafted statements into a revised draft, which may be used as the starting point of further discussion. It is useful to seek the views of a range of stakeholders when defining how success will be recognized. Their views may differ from those developing a program and this variation may highlight important issues or unanticipated outcomes. The greater the participation in the process of developing a vision and/or mission, the greater the implementation of future changes based on the vision and/or mission. This participation includes employees, management and senior administration.¹⁵⁵

Characteristics of an Effective Vision Statement

Once the vision statement has been identified, it should incorporate one or more of the following characteristics of an effective vision:

¹⁵² Manning, M. (March 2000). Creating a Vision. *SemiConductor Magazine*. 1 (3).

¹⁵³ Skipsky, H. (August 2002). Fail to plan, plan to fail: A look at a yearly operating business plan. Journal of Leisure Property. London. 2 (3).

¹⁵⁴ Manning, M. (March 2000). Creating a Vision. *Semiconductor Magazine*. 1 (3).

¹⁵⁵ David, F R. (1993). Concepts of Strategic Management. 4th Ed., New York: MacMillan Publishing Company.

1. Imaginable: Conveys a picture of what the future will look like.
2. Desirable: Appeals to the long-term interests of employees, customers/clients, stakeholders, and others who have a stake in the organization.
3. Feasible: Comprises realistic, attainable goals.
4. Focused: Is clear enough to provide guidance in decision making.
5. Flexible: Is general enough to allow individual initiative and alternative responses in light of changing conditions.
6. Communicable: Is easy to communicate, can be successfully explained within five minutes¹⁵⁶.

¹⁵⁶ Kotter, J. (1996). Leading Change. Harvard Business School Press: USA.

MODULE 3 - Development of the Planning Context

By Carolyn Kamper

This module provides a more detailed explanation on how to develop the planning context. This explanation includes a list of possible factors and variables that may be included in a scan of the external environment, as well as a suggested approach to examining an organization's internal environment.

Module 3 presents a practical framework for gathering, assimilating, and analysing external and internal information, which makes up the planning context. The purpose of defining the planning context is not to develop an exhaustive list of every possible factor that could influence the government organization, but rather, it is aimed at identifying key variables that offer actionable responses. Government organizations should be able to respond to the factors by formulating strategies that take advantage of internal and external opportunities or that minimizes the impact of potential threats.

One approach to developing the planning context is to include as many stakeholders, as possible, such as managers and staff. This is because involvement in the strategic planning process can lead to understanding and commitment from organizational members. Individuals appreciate having the opportunity to contribute ideas and to gain a better understanding of their organization's industry, competitors, and markets.¹⁵⁷ Once it has been determined who will collect the information on the organization's internal and external environment, ask the individuals to monitor various sources of information for changes and trends. Examples of sources from which to gather strategic information includes online databases, corporate, university, public libraries, suppliers, distributors, clients, and competitors. Once the information is gathered, individuals can submit periodic scanning reports to the manager or a committee of managers that are responsible for developing the planning context. Managers should assimilate and evaluate the information in order to identify the threats and opportunities that exist in the organization's environment. A key advantage to this approach is to provide a continuous stream of timely strategic information, which includes many individuals in the development of the planning context.¹⁵⁸

External Environment

To facilitate the identification of the key factors in the external environment, it may be helpful to group an organization's external forces into five broad categories: economic forces, social, cultural, demographic, and environmental forces, technological forces, competitive forces and political, governmental, and legal forces.¹⁵⁹ Due to the diverse

¹⁵⁷ David, F. R. (1993). Concepts of Strategic Management. 4th Ed., New York: MacMillan Publishing Company.

¹⁵⁸ King, W. R. and Cleland, D. I.. (1979). Strategy Planning and Policy. New York: Van Nostrand Reinhold.

¹⁵⁹ Auditor General of British Columbia and Deputy Ministers' Council. (1997). Enhancing Accountability for Performance: A Progress Report. Government of British Columbia.

nature of the lines of business/ programs in Crown agencies, it is emphasized that each government organization should focus on the areas that are specific to their activities.¹⁶⁰

The five broad categories of the external environment are:

- 1) Economic forces;
- 2) Social, cultural, demographic, and environmental forces;
- 3) Technological forces;
- 4) Competitive forces; and
- 5) Political, legal, and governmental forces.¹⁶¹

The following provides some examples and variables of each of the five categories, on which to group the external environment:

- 1) Economic forces: Economic factors have a direct impact on the potential attractiveness of various strategies, such as interest rates, value of the dollar and government budget deficits. The following table of key economic variables identifies other economic forces that may affect an organization's internal and external environment.¹⁶²

Key economic variables to be monitored	
Shift to a service economy	Demand shifts for different categories of goods and services
<u>Import/ export factors</u>	Income differences by region and consumer groups
Availability of credit	Price fluctuations
Level of disposable income	Monetary policies
Propensity of people to spend	Fiscal policies
Interest rates	Tax rates
Inflation rates	Consumption patterns
Economies of scale	Unemployment trends
Money market rates	Worker productivity levels
Government budget deficits	Value of the dollar in world markets
Gross national product trend	Stock market trends

- 2) Social, cultural, demographic, and environmental forces: Social, cultural, demographic, and environmental changes have a major impact upon virtually all products, services, markets, and customers. Social, cultural, demographic, and environmental trends are shaping the way people live, work, produce and consume.

¹⁶⁰ King, W. R. and Cleland, D. I. (1979). Strategy Planning and Policy. New York: Van Nostrand Reinhold.

¹⁶¹ King, W. R. and Cleland, D. I. (1979). Strategy Planning and Policy. New York: Van Nostrand Reinhold.

¹⁶² David, F. R. (1993). Concepts of Strategic Management. 4th Ed., New York: MacMillan Publishing Company.

New trends are creating a different type of consumer and consequently a need for different products, different services, and different strategies.¹⁶³

Key social, cultural, demographic, and environmental variables	
Childbearing rates	Government regulation
Number of special interest groups	Attitudes toward retirement
Number of marriages	Attitudes toward leisure time
Number of divorces	Attitudes toward product quality
Number of deaths	Attitudes toward customer service
Immigration and emigration rates	Pollution control
Social security programs	Energy conservation
Life expectancy rates	Social programs
Per capita income	Social responsibility
Location of retailing, manufacturing, and service business	Attitudes toward careers
Attitudes toward business	Population changes
Traffic congestion	Population changes by city, province, country
Inner-city environments	Number of women and minority workers
Average disposable income	Number of high school and college graduates
Value placed on leisure time	Recycling
Trust in government	Waste management
Attitudes toward government	Air pollution
Attitudes toward work	Water pollution
Buying habits	Ozone depletion
Ethical concerns	Endangered species
Attitudes toward saving	Average level of education

- 3) Technological forces: Advances in computer technology, telecommunications, data access, storage devices, fax machines, on-line data bases, graphics, and software are just a few of the technological forces that may affect an organization's environment. These forces may change the very nature of opportunities and threats by altering life cycles of products, increasing the speed of distribution, creating new products and services, and erasing limitations of traditional geographical markets.¹⁶⁴
- 4) Competitive forces: Some government organizations may need to identify rival organizations and to determine their strengths, weaknesses, capabilities, opportunities, threats, objectives and strategies. Collecting and evaluating information on competitors is not always easy, some useful sources of data include: Moody's Manuals, Standard Corporation Descriptions, Value Line Investment

¹⁶³ Ibid.

¹⁶⁴ David, F. R. (1993). Concepts of Strategic Management. 4th Ed., New York: MacMillan Publishing Company.

Surveys, Ward's Business Directory, Stand and Poor's Industry Surveys, Industry Week, Forbes, Fortune, Business Week. The following is a list of questions that an organization may consider when assessing its competitors:¹⁶⁵

Key questions about competitors
WHAT ARE THE MAJOR COMPETITORS STRENGTHS?
What are the major competitors weaknesses?
What are the major competitors objectives and strategies?
How will the major competitors most likely respond to current economic, social, cultural, demographic, geographic, political, governmental, technological, and competitive trends affecting our industry?
How vulnerable are the major competitors to our alternative organizational strategies?
How are our products or services positioned relative to major competitors?
To what extend are new firms entering and old firms leaving the industry?
How have the sales and profit rankings of major competitors in the industry changed over recent years? Why have these rankings changed that way?
What is the nature of supplier and distributor relationships in this industry?
To what extend could substitute products or services be a threat to competitors in this industry?

- 5) Political, governmental, and legal forces: Local, provincial and federal governments are major regulators, deregulators, subsidizers, employers, and customers of organizations. Political, governmental, and legal factors can therefore represent key opportunities or threats to any organization. Also, changes in tax rates, paternal rights, data protection, health and safety, and environmental policy are just a few government policies that can affect organizations significantly. The following identifies some important political, government and legal variables.¹⁶⁶

Important political, government and legal variables	
Government regulations or deregulations	Import-export regulations
Changes in tax laws	Government fiscal and monetary policy changes
Special tariffs	Special local, provincial and federal laws
Political action committees	Lobbying activities
Voter participation rates	Size of government budgets
Environment protection laws	World oil, currency and labour markets
Level of government subsidies	Local, provincial and federal elections
Changes in paternal rights	Changes in data protection
Changes in health and safety	

¹⁶⁵ Ibid.

¹⁶⁶ Ibid.

Internal Environment

The most common approach to assessing an organization's internal environment is to undertake a SWOT analysis, which is an assessment of the organization's strengths, weaknesses, opportunities and threats. A suggested approach is to undertake a SWOT analysis that builds on the results of the external environment analysis. The purpose of this approach is twofold; the first is to identify strengths and weaknesses in order to maintain strengths and correct weaknesses. The second purpose is to identify opportunities and threats resulting from external factors.

Strengths and weaknesses need to identify in all aspects of organizational activities,

- relative to the rest of the market
- relative to previous performance or expected performance
- relative to customer demand
- relative to the key external forces identified in the external environment analysis¹⁶⁷

Examples of areas to include in a SWOT analysis include: employee skills, staff turnover rate, employee costs, cost of capital, economies of scale, costs, customer or client base (quality, size, loyalty, etc.), services provided, distribution capabilities and costs, and image and reputation.¹⁶⁸

Combined Analyses

The final stage of the planning context is to combine the external environment analysis with the internal environment analysis to look at the complete picture of the opportunities and threats that face the organization. This will enable senior management to design strategies that take advantage of opportunities and mitigate threats.

The first step is to identify and rank the critical factors identified in the internal and external analysis. This will enable an organization to prioritize the critical factors in its environment and determine which ones have the greatest impact to its success. This process should be undertaken on a regular basis, as these critical success factors can vary over time and by industry.¹⁶⁹ It is suggested that the final list of the most important critical success factors be communicated and distributed widely in the organization.¹⁷⁰ Communicating this list to staff may help build a common platform, on which individuals

¹⁶⁷ Aware Marketing Intelligence for Business Growth. Marketing Intelligence Resources. <http://www.marketing-intelligence.co.uk/aware/resources/mi-help.htm>.

¹⁶⁸ Capital Management Branch. (May, 1998). Capital Development Guidelines. 3.2 Business Planning. Victorian Government, Australia.

¹⁶⁹ King, W. R. and Cleland, D. I. (1979). Strategy Planning and Policy. New York: Van Nostrand Reinhold

¹⁷⁰ David, F. R. (1993). Concepts of Strategic Management. 4th Ed., New York: MacMillan Publishing Company.

can contribute their ideas and develop a deeper understanding of the organization's industry, competitors, and markets. The second step is to identify the key strategic issues from the list of critical factors and formulate organizational strategies accordingly.

MODULE 4 –Summary Financial Outlook

By Carolyn Kamper

This module provides the recommended template on which organizations may reflect their financial outlook, as well as how to identify their key assumptions and forecast risks and sensitivities.

The following is the recommended template for the Summary Financial Outlook in the 2004/05 – 2006/07 Service Plan.¹⁷¹

(\$m)	2003/04 (latest forecast)	2004/05 (budget)	2005/06 (forecast)	2006/07 (forecast)
Total Revenue				
[insert major sources of revenue]				
Total Expenses				
[insert major sources of expenses]				
Operating Income (loss)				
Net income (loss)				

Key Assumption	Forecast Risks and Sensitivities
[Insert a list and summary description in bullet format of key assumptions underlying the summary financial outlook]	[Insert a list and summary description in bullet format of risks and sensitivities underlying the summary financial outlook]

¹⁷¹ Crown Agencies Secretariat. (August 2002). Service Plan Guidelines for Crown Agencies. Government of British Columbia.

MODULE 5 – Logic Models By Christina Zacharuk

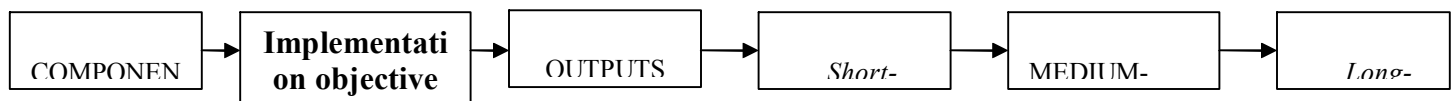
This module outlines what logic models are, why they are useful, and how to create one. An example of a logic model can be found at the end of the module, as well as a short discussion and example of the Balanced Scorecard, a planning tool commonly used by organizations.

With the passing of the amended *Budget Transparency and Accountability Act* in 2001, government organizations in BC are legislated to provide accountability information in the three-year service plans to their stakeholders and the public. These accountability requirements demand that organizations are able to demonstrate the effectiveness and efficiency of their business lines and programs. As a management tool, logic models can be used to tell the story of the organization's business, at the organizational level, the business line level, and at the program level. A logic model shows what an organization, business line, or program is doing, with what or whom, and why.

What is a logic model?

Generally, a logic model, through visual representation, presents a causal model of how an organization or a specific business line or program will progress under identified conditions. Therefore, logic models write the story of the organization's objectives, outputs, and outcomes. With directional arrows to demonstrate clearly the *causal* relationships between elements, logic models provide the information of how the organization, business line, or program is supposed to work in order to achieve the intended results.¹⁷² The elements of the logic model are:

- Components (specific elements of the line of business/program)
- Implementation objectives (activities/resources)
- Outputs (measure of activity)
- Short, intermediate, and long term outcomes (results)



Organizations should remember that logic models can be created to write the story at the organization-wide level, as well as at the program level..

¹⁷² Kirkpatrick, S. (2001). *The Program Logic Model: What, Why, and How?*
<http://www.charityvillage.com/charityvillage/research/rstrat3.html>

Who creates logic models?

The creation of logic models should include, as much as possible, the relevant stakeholders. This might include managers, staff, evaluators, and representatives from the target group, and anyone else who might have knowledge or input to add to the business line/program being modelled. A group process, rather than an individual process, is recommended to promote the best use of knowledge and achieve relevant feedback, as well as ensure commitment and staff buy-in. Staff groups provide a valuable validation mechanism to ensure that the business line/program being modelled is accurate and feasible.

Benefits of using logic models in the planning process include:

- Building a common understanding of the line of business/program and the expectations for resources, customers reached, and results. Logic models are ideal for sharing ideas, identifying assumptions, team building, and communication;
- Identifying projects which are critical to goal attainment, redundant, or need to be modified;
- Communicating the place of a strategy in the organization or goal hierarchy, particularly those that occur at various organizational levels;
- Enhancing buy-in among stakeholders
- Identifying a balanced set of key performance measurement points;
- Increasing stakeholder understanding of goals, objectives, and strategies;
- Demonstrating how different elements of the program (activities, resources, outputs, outcomes) are linked;
- Helping to integrate business planning and evaluation through the identification of objectives and measures;
- Assisting in identifying unintended outcomes and consequences of the business line/program being modelled; and
- Clarifying the causal assumptions and rationale upon which the business line/program being modelled is based.¹⁷³

Logic models address attribution issues

Logic models will help to answer the question “how will the organization know that the outcomes have been achieved?” They do this by identifying the key outputs and outcomes and thus provide a guide for identifying performance measures. Logic models will also decrease uncertainty and increase knowledge when dealing with attribution issues between outputs and outcomes and therefore the measurement plan can be based on the logic model(s) developed for the organization. Stakeholders and the organization should agree on the definition of success for the business line/program and how it will be

¹⁷³ McLaughlin, J. A., and Jordan, G. B. Logic Models: A Tool for Telling Your Program's Performance Story. <http://www.pmn.net/education/Logic.htm>

measured. Organizations should use logic models with a level of detail that matches the detail needed in the measurement.¹⁷⁴

How is a logic model created?

The following eight steps are suggested for creating logic models:

1. Put together a workgroup of approximately 6-10 relevant stakeholders (e.g., managers and staff);
2. Decide on the business line/program to be outlined in the logic model;
3. Collect all the relevant information and documentation concerning business line/program being modelled. This may include, but is not limited to, reports, planning documents, literature, and interviews with internal and external stakeholders;
4. Define the line of business/program: its context (e.g., internal/external influences), corresponding goals and objectives, resource allocation, and the problem(s) it is attempting to address (if applicable);
5. Put together the initial elements of the logic model (components, implementation objectives, and outputs). To map the relationship of one element to the next, the working group should constantly ask itself “How do we get here?” as well as using “if, then” statements to clarify the causal links. The working group should also constantly verify the accuracy and completeness of the information being used with the relevant stakeholders.
6. Outline the short, intermediate, and long-term outcomes of the business line/program being modelled. ‘Directional’ language is useful when forming outcomes (e.g., increase, decrease, expand, reduction in). Be specific, measurable, and realistic;
7. Verify the causality between elements. Consider the audience. It is suggested that non-recursive (one-way) causal links are appropriate, as they are easier to understand sequentially; and
8. After verification, adjust and modify as needed.¹⁷⁵

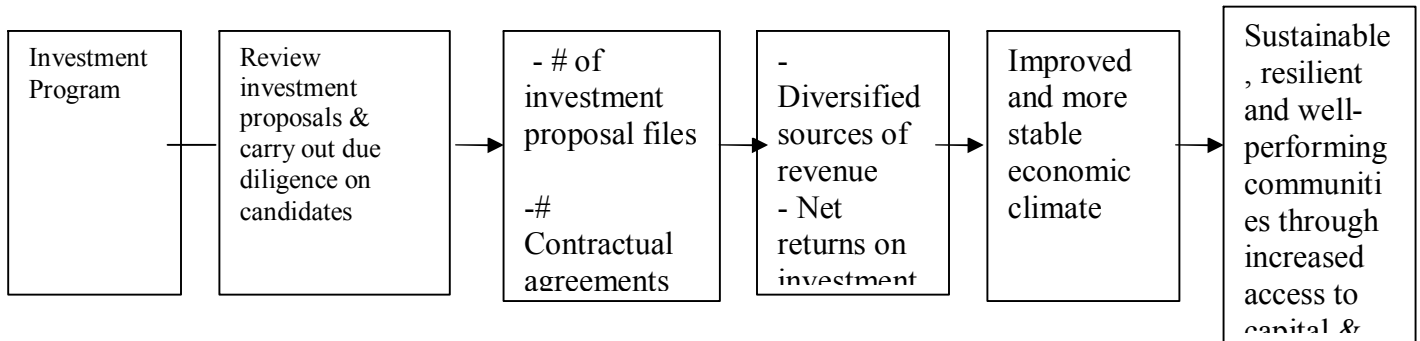
There is not definitive approach to creating logic models. What may work for one organization may not for another. This module provides a suggested approach. Remember: Logic models are not static and can be changed as context and circumstances change (e.g., resource allocation).

¹⁷⁴ Mayne, J. (2001). Addressing Attribution Through Contribution Analysis: Using Performance Measures Sensibly. *Canadian Evaluation Society*. 16 (1).

¹⁷⁵ Kirkpatrick, S. *The Program Logic Model: What, Why, and How?*
<http://www.charityvillage.com/charityvillage/research/rstrat3.html>

An example is outlined below¹⁷⁶

COMPONENTS (Activities/ Resources)	IMPLEMENTATION OBJECTIVES (What needs to happen to result in outputs)	OUTPUTS (Quantifiable work produced from activities)	SHORT-TERM OUTCOMES (To increase, decrease etc.)	INTERMEDIATE OUTCOMES	LONG-TERM OUTCOMES
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NOTE: Logic models can contain more than one output and more than one each of short, medium, and long term outcomes, depending on the complexity of the business line/program being modelled. It is advised, however, that outcomes link from specific to broad in nature, as can be seen from the above example.

Logic models and evaluation

Logic models may also be used in conjunction with evaluation methods as a resource for evaluating the performance story. As a segment of evaluation, it is suggested that the following questions be asked:

- Was each element proposed in the logic model in place, at the level expected for the time period? Are outputs and outcomes observed at expected performance levels?

¹⁷⁶ Adapted from High-Level Corporate Logic Model: Investment Program, Columbia Basin Trust. Copyright Grant Thornton.

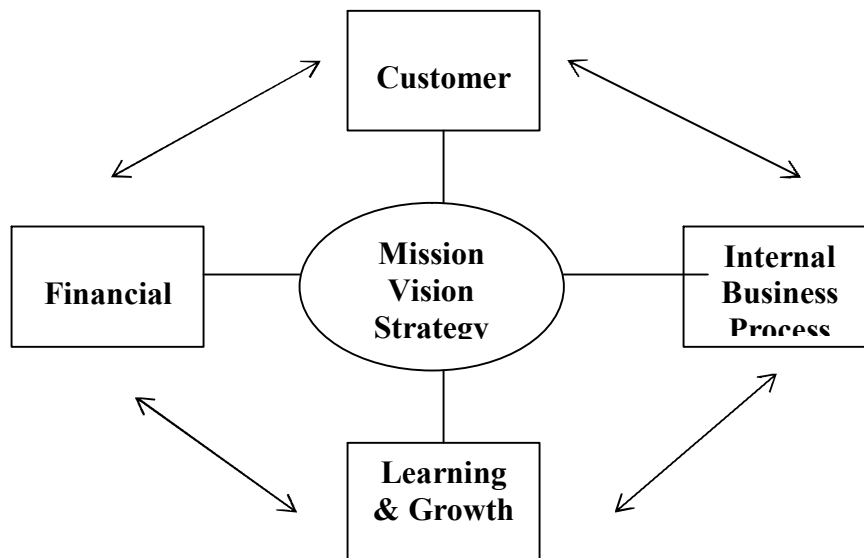
- Did the causal relationships proposed in the logic model occur as planned? Is reasonable progress being made along the logical path to the outcomes? Were there unintended benefits or costs?
- Are there any rival hypotheses that could explain the outcome/result? If so, these need to be identified.
- Did the line of business/program reach the expected customers and are the customers reached satisfied with the program services and products?¹⁷⁷

¹⁷⁷ McLaughlin, J. A., and Jordan, G. B. Logic Models: A Tool for Telling Your Program's Performance Story. <http://www.pmn.net/education/Logic.htm>

The Balanced Scorecard

Many organizations use the Balanced Scorecard in a modified or adapted form as a tool for integrating strategic planning and performance management by focusing on the long-term objectives of the organization as a whole. The strategy map, or the conceptual framework, of the Balanced Scorecard can be used to create an organization level logic model to identify goals, objectives, strategies, and their corresponding performance measures required for the organization to achieve strategic success. The Balanced Scorecard looks at strategic planning from four interrelated perspectives:

1. **Customer.** This perspective focuses on the organization's ability and responsibility to provide its programs and services, as well as customer service and satisfaction;
2. **Internal Business Processes.** This perspective focuses on the internal management activities required to achieve strategic objectives. Internal Business Processes are the mechanisms through which performance expectations and targets are achieved;
3. **Learning and Growth.** This perspective focuses on employee ability and the effect of organizational alignment in supporting the achievement of organizational goals; and
4. **Financial.** This perspective focuses on cost efficiency (the ability to deliver maximum value to the customer) and/or long-range targets for financial objectives.¹⁷⁸

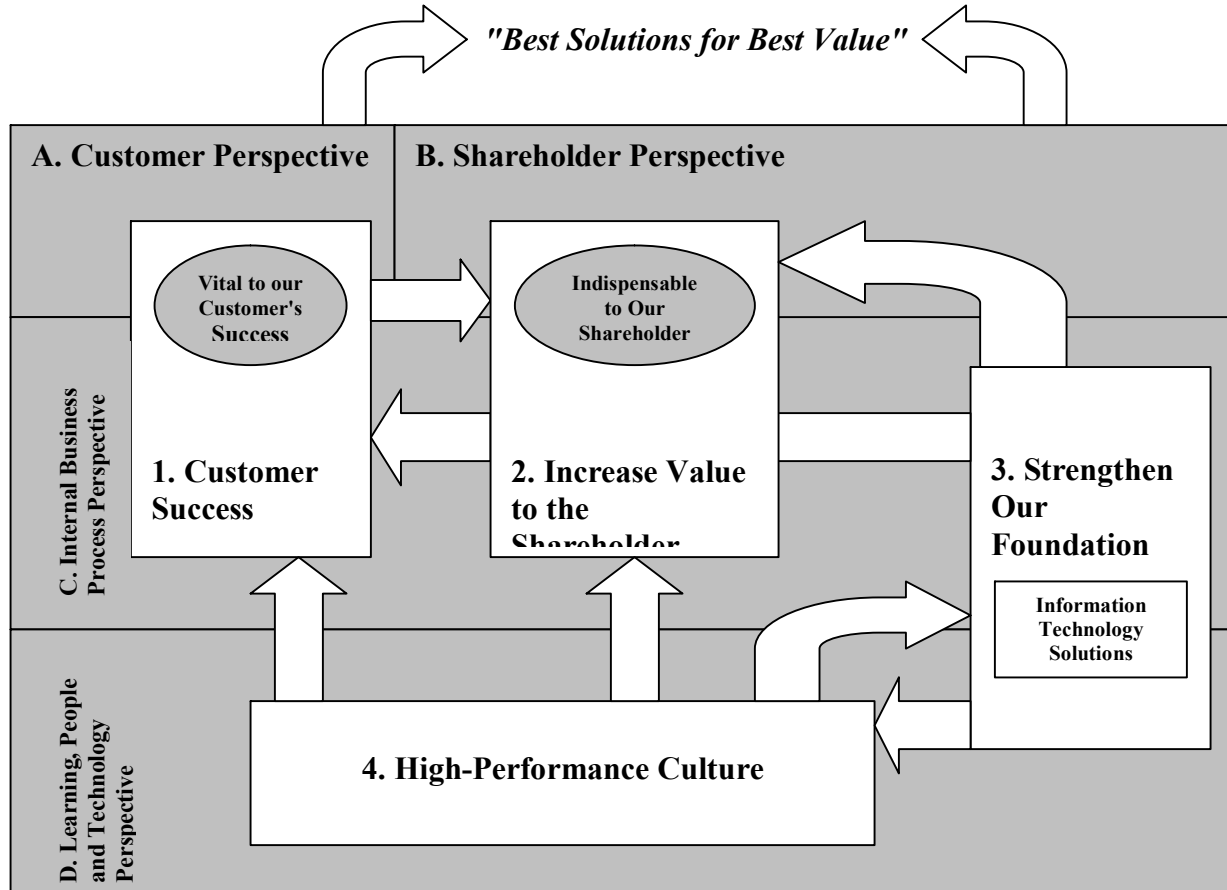


In addition, organizations use the Balanced Scorecard as a cohesive planning and performance measurement framework that has the ability:

- To be understood by all levels of the organization;
- Will help set performance goals, allocate resources, confirm or adjust policy or business line directions to meet these goals; and
- Report on the success in meeting these goals.

¹⁷⁸ Procurement Executives' Association. Guide to a Balanced Scorecard Performance Management Methodology. <http://oamweb.osec.doc.gov/bsc/guide.htm>

An example of a modified version of the Balanced Scorecard taken from the British Columbia Buildings Corporation Service/Strategic Plan 2003/04 - 2005/06 is seen below:



MODULE 6 – Performance Measurement

By Christina Zacharuk

This module discusses the concept of performance measurement. Although most organizations will be familiar with performance measurement, this module addresses common limitations and useful information for addressing them. The module also addresses the difference between outputs and outcomes, as well as provides guidance for measuring 'soft' outcomes. Examples are provided at the end of the module.

What is performance measurement?

Performance measurement is a systematic collection, analysis, and reporting of information that tracks resources used, outputs produced, and intended results achieved. It is essential that an organization know how it is presently doing to develop goals, objectives, and strategies designed to meet the aims of the organization. Performance measurement addresses these issues by providing the necessary information for tracking performance and using the information to guide for the future.

Why performance measurement?

The purpose of performance measurement is to provide regular, valid, useful, and user-friendly information on measures of performance results. Performance measurement is also useful for measuring efficiency and cost effectiveness and can provide internal and external accountability mechanisms.¹⁷⁹ Performance measurement can tell a government organization where it is, where it wants to be, and how it will get there. This information also provides the organization with lessons learned so that it can improve its business line/program. A useful performance measurement system can aid in the decision-making process, make comparisons, and provide strategic information for the future.

To sum up, performance measurement has four useful purposes:

- Keeps government organizations accountable for results internally, to public officials, and to the public;
- Aid in the strategic planning process;
- Improves services to the public by motivating employees; and
- Increases the public trust in government organizations.¹⁸⁰

Who is involved?

For performance measurement to be successful and useful, government organizations need to involve managers and staff in the development of measures and ensure that these key people understand how performance measurement information will be used.

¹⁷⁹ Hatry, H. (1999). Performance Measurement: Getting Results. Urban Institute Press.

¹⁸⁰ Ibid.

Limitations of Performance Measurement

As with any process or evaluation system, however, performance measurement also has its limitations. Organizations need to be aware of these limitations so that they can be identified and addressed in the early stages of the performance measurement cycle. Some common limitations and their corresponding suggested recommendations are as follows:

1. **Limitation:** Performance measurement is an excellent tool for telling organizations *what* occurred and to provide information on outcomes. However, performance measurement does not necessarily tell an organization *why* an outcome has occurred. In other words, performance measurement does not clearly outline how the program being measured produced the measured results.
Recommendation: As performance measurement really only explains *what* and not *why*, it is strongly recommended that organizations provide sufficient explanatory information for the reader to fill in these gaps. For example, an expected outcome of a program may not have been achieved (or was achieved, but at a lower level). Without explanatory information, readers will only understand that the actual achieved was lower than the target, whereas the results *plus* explanatory information will help the reader understand the discrepancy.¹⁸¹
2. **Limitation:** Certain outcomes are difficult to measure directly. A common example of this is any case where the organization is attempting to measure prevention.
Recommendation: It may be necessary for the organization to use alternative measures, such as surveys, or measures that reflect trends over time in the number of incidents that were *not* prevented.
3. **Limitation:** Performance measurement information should be seen as one aspect of the information managers and government organization officials need in order to make decisions. Performance measurement does not replace the need for financial data judgements.
Recommendation: Performance measurement is intended to be used as an aid to decision making and often raises more questions than it answers. This is deliberate and performance information should be used in conjunction with financial information, common sense, and good management.
4. **Limitation:** Performance measurement can be seen as administratively cumbersome.
Recommendation: It is important to focus on the few, critical aspects of performance measures that relate to the organization's goals, objectives, and strategies. More is not necessarily better.
5. **Limitation:** Performance measurement can be seen as a personal attack on managers if performance measurement indicates that certain programs are ineffective, not cost-effective, or if lines of accountability change too quickly. As a result, measures and targets are sometimes vague and general in nature.

¹⁸¹ Ibid.

Recommendation: Lines of accountability need to be clear and consistent. In addition, accountability needs to be linked and balanced with authority. If a manager is accountable for performance, they also must have the authority to make the necessary changes and/or adjustments.¹⁸²

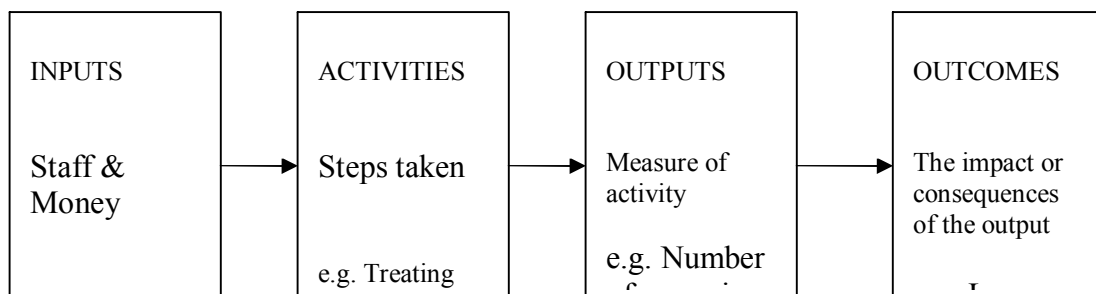
A well-planned logic model (Module 5) will help to increase knowledge and decrease uncertainty when addressing the linkages between outputs and outcomes.¹⁸³ Logic models are able to predict what realistic form the outcomes might take given the status of the program and/or line of business, in addition to the current level of resources.

Important to Note:

- *What gets measured, gets done;*
- *If you don't measure results, you can't tell success from failure;*
- *If you can't see success, you can't reward it;*
- *If you can't reward success, you are probably rewarding failure;*
- *If you can't recognize failure, you can't correct it.*¹⁸⁴

Outputs vs. Outcomes

Outputs are typically measures of activity or the use of money, whereas outcomes are typically results that indicate intended objectives. Outputs are generally easily quantifiable, such as numbers or percentages. Outcomes are generally the *expected results* of the outputs.



A Note on Measuring ‘Soft’ Outcomes

There is no simple answer to the dilemma organizations face when attempting to measure those outcomes that are not easily quantifiable. These guidelines suggest one approach to creating measures in challenging circumstances. Organizations will find that certain outcomes (results) are inherently vague in nature and are not easily measurable. To

¹⁸² Auditor General of British Columbia and Deputy Minister’s Council. (1996). Enhancing Accountability for Performance: A Framework and Implementation Plan. A second joint report.

¹⁸³ Mayne, J. (2000). Addressing Attribution Through Contribution Analysis: Using Performance Measures Wisely. Canadian Journal of Evaluation. 16 (1).

¹⁸⁴ Osborne, D, and Gaebler, T. (1992). Reinventing Government. New York: Addison-Wesley Publishing Company.

address these concerns, it is important in these cases to have clear goals, objectives, and strategies. In cases where the outcomes are not clear (e.g., dependent on the flow of the stock market) nor predictable, organizations should focus on the part of the organizational story that they *can tell*, whether this be through measuring trends and/or milestones.

A logic model (Module 5) is a valuable tool to ensure that these elements are clearly defined. A well thought out and agreed upon logic model or planning tool (e.g., Norton and Kaplan’s Balanced Scorecard¹⁸⁵) will aid the organization by telling its story with clearly defined goals, objectives, and strategies. In addition, by using explanatory information and providing context, the reader will understand the direction the organization is moving and the focus that it is using to drive its direction. This focus is integral for being able to identify what the organization *can* measure and explain those situations as best as possible where outcomes are difficult to predict and measure.

Examples of measuring challenging outcomes are outlined below.

Outcome	Measure
<ul style="list-style-type: none"> Enhanced Provincial Competitiveness through the containment of Cost of Service Increases 	<ul style="list-style-type: none"> Timely, clear and well reasoned Commission Decisions <p style="text-align: right;"><i>(BC Utilities Commission)</i></p>
<ul style="list-style-type: none"> Greater public support and trust 	<ul style="list-style-type: none"> Public recognition for social responsibility Public support of gaming <p style="text-align: right;"><i>(BC Lotteries)</i></p>
<ul style="list-style-type: none"> Good environmental and social performance by progressively managing priority environmental and social issues 	<ul style="list-style-type: none"> Conservation (gigawatt hours) <p style="text-align: right;"><i>(BC Hydro)</i></p>

Remember: It is better to be complete and therefore approximately right than focused and elegant and precisely wrong.

¹⁸⁵ For more information, please refer to: Kaplan, Robert S. and David P. Norton. (1996). The Balanced Scorecard: Translating Strategy into Action. Harvard Business School Press: Boston.

MODULE 7 – Performance Measures

By Christina Zacharuk

This module is designed to enhance the section on performance measures in the Service Plan Guidelines. What follows is a list of attributes performance measures should adhere to, as well information on how to use performance measures effectively. Examples are provided at the end of the section.

Performance measures should meet criteria that test their relevance and suitability. This will ensure that the measures are useful for the organization in terms of internal planning and external understanding. Performance measures should be:

- Able to withstand public scrutiny. Measures should be able to withstand public scrutiny by key stakeholders and the public. Clearly defined measures can be defended from various perspectives. Therefore, measures and targets must be based on reliable data; if any issues exist around the reliability of the data, they must be addressed;
- Clear, accurate, and consistent. Performance measures should be clearly defined and accurate to ensure that the employees responsible for gathering data know precisely what to do. Consistency should guide information gathering for measures, which can be more important than accuracy;
- Cost-effective. Creating measures should be cost-effective. That is, organizations should garner information to create measures from previously collected data. If this is not possible, an organization should try to identify measures that do not create immense measurement challenges;
- Clear interpretation. Measures should provide pertinent and vital information about performance of the organization through clear interpretation. An organization needs to ask itself “if a measure changes, is the corresponding objective being or not being achieved?”;
- Appropriate and relevant. Measures should be appropriate and relevant (demonstrate the organization’s performance) and relate to other measures in terms of the organization’s overall performance;
- Outcome focused. Measures should focus on outcomes, that is, they should measure the *expected results* of the strategy.
- Flexible. Measures should not be static. Measures should be modified or eliminated if they do not meet the criteria or are no longer relevant. Measures should exist in the context of goals, objectives, strategies, and targets. Organizations should, however, provide explanatory information if any changes are made or the given measure is eliminated;
- Easily understandable. Measures should be clear and easily understandable so that the reader is able to see how the performance is being assessed. Again, explanatory information should be provided when technical measures are used;

- Time-sensitive. Measures should be done in time for planning and decision-making; and
- Balanced. Measures should be complete and balanced so that the reader is provided with all the necessary information. Organizations should remember that different users will require differing amounts of information (e.g., program managers and the public).^{186 187}

Using Performance Measures Effectively

- *Performance measures on their own are best when used in planning and monitoring activities. It is not advised to use performance measures for evaluation;*
- *Performance measures are more appropriate for some activities than for others. In the Limitations section in Module 6, it was noted that prevention is difficult to measure. Again, organizations must take care when measuring opposite trends to provide insight as to the particular prevention measure. It may be more appropriate to find another way to gauge the outcome, such as customer satisfaction surveys;*
- *Ensure that measurements are at the appropriate level. Again, logic models are extremely useful tools for identifying what forms of outcomes may be realistic given the circumstances and context of the line of business/ program;*
- *Test measures in advance; and*
- *Involve all staff, managers, and other stakeholders in developing, reviewing, and modifying measures. This will encourage consistency, ownership, and accuracy in measurement and relevancy of the measures.*¹⁸⁸

Examples of performance measures:

• Environmental Regulatory Compliance (incidents)	<i>(BC Hydro)</i>
• Percentage of Basin residents informed about Columbia Basin Trust (CBT) and provided feedback to CBT.	<i>(Columbia Basin Trust)</i>
• Business tools available to PBC and its clients	<i>(Partnerships BC)</i>

¹⁸⁶ Auditor General of British Columbia and the Deputy Ministers' Council. (1996). Enhancing Accountability for Performance: A Framework and Implementation Plan. A Second Joint Report.

¹⁸⁷ University of California, Office of the President, Partnership for Performance. (1997). Measurement Handbook. <http://www.ucop.edu/ucophome/businit/hdbkcontents.html>.

¹⁸⁸ Perrin. B. (Fall 1998). Effective Use and Misuse of Performance Measurement. American Journal of Program Evaluation. 19 (3). [Online] EBSCO Publishing.

MODULE 8 - Targets

By Christina Zacharuk

This module summarizes what targets are and the purposes they serve. In addition, information for setting targets and attributes of good targets is provided. Examples are provided at the end of the module.

Targets determine what level of performance is needed to achieve goals and objectives. They express the aims of the line of business/program. It is essential to set goals, objectives, and targets, as these can provide a basis for the organization to decide what to measure and which activities to embark upon. Targets help to answer the question “where do we want to be?”.

Targets can serve a number of purposes:

- Achieving a set level of output (number of inquiries addressed);
- Achieving a set level of quality (number of complaints below a set level);
- Realizing long-term outcomes (improved shareholder value, services etc).¹⁸⁹

Government organizations are under constant pressure to improve performance. Targets are useful tools to aid in this process by providing lessons learned, evidence of increased outputs and outcomes, and evidence of value for money.

Setting Targets

Setting targets is an important process for each organization. It is important that targets focus on what the organization has control over, whether it be the overall program performance or the factors which lead to outcomes. In addition, as with performance measures, targets should be reported in context, so that the reader can understand the level of performance. Baselines and explanatory information will inform the reader about the level of performance. Again, it is suggested that organizations provide a baseline (e.g., the previous year’s performance) plus three consecutive targets – one for each year in the service plan reporting period.

Setting the right targets is just as important as selecting the right measures. It is crucial that targets are realistic (not a ‘wish list’) but at the same time challenging and ambitious for the organization to achieve. This should be balanced with the forecasted resources and/or capacity of the organization.

Definitions of terms used to describe targets should be clear and agreed upon. This is especially true in situations where targets are difficult to quantify. Using terms such as

¹⁸⁹ Office of Government Commerce, UK. [Successful Delivery Toolkit: Setting Targets.](http://www.ogc.gov.uk/sdtoolkit/workbooks/performance/setting.html)
<http://www.ogc.gov.uk/sdtoolkit/workbooks/performance/setting.html>

‘satisfaction’ and ‘milestones’ need to be operationalized precisely so as to avoid a range of interpretations.

Attributes of good targets are very similar to those of performance measures. These include:

- **Specific.** Clear, unambiguous and easy to understand by those who are required to achieve them;
- **Measurable.** There is no point setting a target for which success cannot be gauged by referring to a specific measure or measures;
- **Achievable.** Expressing specific aims that the organization feels can realistically be achieved, with some effort: ‘out of reach, but not out of sight’. Unrealistic targets will not be able to withstand public scrutiny;
- **Relevant.** To those who will be required to meet them; they must have enough control over their work to be able to meet their targets, or their motivation will suffer; and
- **Timed.** There should be a set time scale for achieving a target; open-ended targets may not encourage focused effort on improving performance.¹⁹⁰

Examples of targets:

	2002/03	2003/04	2004/05
• Net income (\$ millions) <i>(BC Hydro)</i>	243	182	179
• % of employees participating in program <i>(Columbia Basin Trust)</i>	50	60	80

¹⁹⁰ Ibid.

MODULE 9 – Baselines and Benchmarking

By Christina Zacharuk

This module discusses what baseline and benchmarks are. In addition, the module suggests a process for creating benchmarks. Examples of both can be found at the end of the module.

Baselines

A baseline is a ‘snapshot’ in time of the program or process that is to be benchmarked. A baseline provides an official standard on which subsequent work is to be based. Creating baselines has a number of advantages:

- A baseline provides a stable point from which to gauge changes within a line of business/program and provides evidence as to the organization’s commitment to its outcomes;
- A baseline provides a stable point from where new lines of business/programs can be created and reproduced; and
- Baselines can be used as a way to reproduce reported failings in a line of business/program to specify where the problem occurred.

Creating a baseline includes measuring the effectiveness of the process, the attitude of the customers, the satisfaction of the customers, and the profitability for the stakeholders. An organization may also want to define the project boundaries and the lifetime of the project. Baselines should have the following elements:

- The level of aggregation (e.g., program, department);
- The history and projection of future trends;
- Whether the baseline is static or dynamic (that is, whether the baseline is meant to reflect trends or will be adjusted over time);
- If necessary, the interval between updates and revisions; and
- The inclusion of sufficient information to identify, and make fully transparent, all assumptions made or external factors that may affect the baseline (*contextual* factors).¹⁹¹

Example of a baseline:

	2002/03 Baseline	2003/04	2004/05	2005/06
• Website visitors per month (<i>Science Council</i>)	5000	3300	3600	4000

¹⁹¹ Rational Software Corporation and Ecole Polytechnique de Montreal. Concepts: Baselines.
http://www.yoopeedoo.com/upedu/process/gncpt/co_basel.htm

Benchmarks

A performance benchmark is a standard or reference point against which something is measured. Benchmarking plays a critical role in the performance measurement process. It focuses on process improvement and allows an organization to set improvement goals that exceed the best as have been measured quantitatively. This will allow an organization to assess strengths and weaknesses and stimulate thought as to innovative ideas and approaches.¹⁹²

Like performance measurement, benchmarking is an ongoing and systematic process that compares the performance of one line of business/program with another line of business/program. Unlike performance measurement, however, benchmarking focuses on *past performance*, identifies and evaluates excellence and innovation, and establishes a reference point, or baseline, from which an organization can compare itself internally or to others.

Internal benchmarking is when an organization explores and analyzes internal practices (within different departments) in order to understand current levels of performance and to identify best internal practices that can be replicated. In other words, it is the comparison of the same activity between different parts of the same organization. External benchmarking is when an organization compares and analyzes the practices and processes of similar peer organizations (or competitors) with its own performance.

Integrating benchmarking practices into established management practices is effective for future monitoring. Organizations should consider the following questions when reviewing their benchmarking practices.

- ***Is benchmarking integrated into the organization's improvement strategies?***
- ***Is benchmarking considered a strategic activity by management?***
- ***If an organization cannot benchmark itself against a similar organization, can it at least benchmark itself against similar aspects of other organizations?***
- ***Has the organization embedded benchmarking skills within the organizational culture?***

The Benchmarking Process

The following is a suggested approach to creating benchmarks. Organizations will find that the process is not necessarily sequential in reality, but the following steps will facilitate the process.

- 1. Identify the benchmarking need.** Identify the program, process, service, etc. to be benchmarked. This should be done through prioritisation, with the area with the most need (e.g., low satisfaction and high need).

¹⁹² Ontario Health Promotion E-Bulletin. [Benchmarking as a Tool for Public Health and Health Promotion](http://FullFeature.cfm?ID=223&keywords=program%20logic%20model&searcharea=AL).
<http://FullFeature.cfm?ID=223&keywords=program%20logic%20model&searcharea=AL>

2. **Measure.** An organization needs to measure the performance level of the program, service etc. to be benchmarked, document the process, and analyze the data. Consulting relevant literature and creating logic models (**Module 5**) will aid in this process.
3. **Benchmarking partners.** Identify and select appropriate benchmarking partners. It is best if the organization selected is one that offers similar services, programs, etc. and is willing to share information. Understanding that organizations find it difficult to identify benchmarking partners, it may be satisfactory to identify *aspects* of an organization that can be benchmarked, such as human resource plans.
4. **Access data and conduct the benchmarking study.** The organization should access the required data and use it to compare its baseline to the benchmarking partner's performance. The organization can then identify the gaps between the levels of performance and determine if the practices are suitable and relevant for replication. If suitability has been identified, the organization can then set targets from the identified benchmarking practice.
5. **Action plan.** This is when an organization can create and implement an action plan to make any required changes to the services, programs, etc. and identify best practices. An organization may want to use these best practices to identify a few core principles and adapt these into strategies etc. The organization may also want to continue ongoing collection of benchmarking data.
6. **Monitor, review, and modify.** An organization should do this on a routine basis to verify that benchmarking goals identified were met. This routine review cycle will help to identify how well the organization is doing and will allow the organization to modify under performing areas.¹⁹³

Tips for Effective Benchmarking

- *Train people in the process of benchmarking, the specific approach the organization is using, and the analytical tools required to analyze and present the data;*
- *Make sure that confidential or sensitive information is not at risk;*
- *Co-ordinate benchmarking with other parts of the organization so as to avoid overlap or duplication of effort;*
- *Share benchmarking results widely within the organization to avoid overlap or duplication of effort; and*
- *Document all benchmarking results in detail so that processes can be improved and lessons learned along the way are not lost.*¹⁹⁴

¹⁹³ University of California, Office of the President, Partnership for Performance. (1997). Benchmarking and the Hunt for best Practices. Measurement Handbook.

<http://www.ucop.edu/ucophome/businit/hdbkcontents.html>

¹⁹⁴ Ibid

Examples of benchmarks:

• <u>A composite of Canadian Electricity Association utilities organized on a regional/provincial basis</u>	<i>(BC Hydro)</i>
• <u>Industry standards</u> • Comparison against past performance	<i>(BCBC)</i>

APPENDIX A – Glossary

Activities	What a line of business/ program does to fulfil its mission (includes strategies).
Annual Service Plan Report	A government organization document, required by the amended <i>Budget Transparency and Accountability Act</i> (BTAA) from fiscal year 2002/03 onwards. This report may contain information normally found in a traditional annual report, with the additional requirement that a government organization’s performance in meeting its service goals and targets is emphasized in the document. The document must link directly back to the government organization’s corresponding service plan.
Baseline	A starting point against which future results are compared.
Components	The activities and resources of a line of business/ program.
Efficiency Measure	Measuring the relationship between the amount of input (usually dollars or employee time) and the amount of service output or outcome of an activity or program.
Goal	The long-term end results/outcomes that the government organization (or line of business) wants to achieve in fulfilling its vision and mission. Goals must be realistic and achievable.
Government Organization	A corporation or other organization (other than the government itself) that is within the government reporting entity, as determined by Cabinet after consultation with the Auditor General.
Implementation Objective	Statement or statements of what needs to happen to get a line of business/ program producing outputs.
Input	Includes resources dedicated to or consumed by a program.
Input Measure	A measure of the amount of resources (FTEs and dollars) used to undertake a function.
Key Strategic Issues	The issues identified by an organization, which have the greatest potential significance to the affairs of the organization.
Logic Model	A visual representation of a program displaying causal linkages.
Mission	The reason for the organization’s existence. The mission statement identifies what the organization does, why it does it, and for whom. It also reminds the public and other government entities of the unique purposes promoted and served by the organization. Mission must lead to the realization of the organization’s vision; and the goals, objectives, and strategies must be consistent with the mission statement.
Objective	Concise, realistic, and results-oriented statements of what service results an organization or its line of business achieves in the short term on the way to accomplishing its goals. Objectives must be stated in a way that clearly communicates what is to be achieved and measured or assessed, and when.
Operating Segment	A subsidiary, business unit, or other component of a government organization ¹⁹⁵ .

¹⁹⁵ This definition is consistent with the recommendations of Canadian Institute of Chartered Accountants for public reporting.

	<ol style="list-style-type: none"> 1. that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same organization); 2. for which discrete financial information is available; and 3. revenues, profits (or losses), or assets are ten percent or more of the organization's total revenue, profits (or losses) or assets.
Outcome	Benefits resulting from the line of business/program activities and outputs.
Outcome Measure	Measuring the intended physical, societal, or client results, consequences, or changes in conditions, behaviours, or attitudes that indicate progress in achieving a program's or organization's mission and goals. Outcomes may be immediate, ultimate, or somewhere in between.
Output	The direct products of lines of business/program activities and usually are measured in quantifiable terms as the volume of work accomplished.
Output Measure	A measure of the level of service provided by a line of business/program (e.g., what and how much came out of the line of business/program or service). The measurable unit can be a number, percentage, or ratio.
Performance Benchmark	A standard or reference point against which something is measured.
Performance Measure	A performance measure (sometimes referred to as an indicator) can be used to measure/indicate the degree of success an organization has in achieving its goals and objectives. When a measure has specific numeric value attached to one aspect of the performance under consideration, it is then typically referred to as a performance indicator. Performance measures used in service plans must be consistent with the budget documents.
Performance Measurement	Quantitative and qualitative measures of results which include outputs and outcomes.
Planning Context	The planning context provides an organization with information for critical thinking about and deciding its future course of action. It identifies and provides an assessment of the organization's internal and external strengths, capacities and weaknesses, challenges, risks, assumptions, and opportunities. The planning context identifies and examines internal and external factors in the environment that can influence the mission, goals, objectives, and strategies of the organization and can positively or negatively affect its ability to accomplish them. Risk assessment should address briefly both upside and downside risks, the possibilities of exceeding, meeting, or failing to meet the organization's objectives, spending, and revenue plans and their consequences.
Planning Period	A minimum of three fiscal years commencing with the fiscal year for which the provincial budget estimates is presented and at least the following two years.
Program	A set of activities with clearly defined dedicated resources and common measurable objectives that are coherent and consistent.
Result	A consequence, issue, or outcome of an action or series of action.

	Often used synonymously with ‘outcome’ and/or ‘output’.
Risk	The chance of something happening that will have an impact upon objectives. It is measured in terms of consequences and likelihood.
Risk Management	The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.
Service Plan	A plan that reflects that organization’s strategic direction and is made public in compliance with the BTAA.
Strategic Context	The strategic context of a service plan provides high-level information that describes: Where is an organization now? What are the critical internal and external influences? Where is an organization going? It usually includes and organization’s vision, mission, values, and its planning context.
Strategic Plan	The high-level, government-wide corporate document that outlines the government’s vision, mission, values, and key priorities for the medium to long term.
Strategies	Succinct, high level statements, which outline the actions that describe how objectives are to be achieved.
Targets	The level of performance that the organization is setting out to attain. The targets used in service plans must be consistent with the budget documents.
Values	The value statement expresses an organization’s core values or fundamental beliefs. Values define the organization’s management style, organizational values, and code of conduct for personal and organizational behaviour.
Vision	A clear, concise, and compelling picture of an organization’s preferred future; where the organization is going, and what will the province be like if the organization’s goals are achieved. The vision must be sufficiently desirable and challenging to motivate and inspire the organization’s employees and influence decision-making.

APPENDIX B – Service Plan Checklist

MINIMUM INFORMATION REQUIREMENTS	SELF-ASSESSMENT QUESTIONS
<p>Organization Overview</p> <ul style="list-style-type: none"> • Description of primary business activities • Enabling legislation • Location • Subsidiaries 	
<p><u>Strategic Context</u></p> <ul style="list-style-type: none"> • Vision • Mission • Values • Planning context • Key strategic issues • Key risks 	<ul style="list-style-type: none"> • Is the future state of your organization defined? • Is the primary purpose of your organization defined? • Are the core values defined? • Is an analysis of the external economic and business environment provided and the implications for performance? • Are key strategic issues for the planning period provided? Does this section provide the reader with a clear understanding of your organization’s strategic challenges? • Is there a general assessment on how the world has changed both internally and externally? Are there any significant risks to the plan?
<p><u>Strategic Shifts</u></p> <ul style="list-style-type: none"> • Strategic shifts since Core Review 	
<p><u>Performance Information</u></p> <ul style="list-style-type: none"> • Goals • Objectives • Performance measures • Targets • Key strategies 	<ul style="list-style-type: none"> • Are the goals consistent with the mission and vision? Are the goals measurable? • Are the objectives consistent with the mission and vision? Are the objectives measurable? • Is a performance measure identified for each goal or objective? Are output and outcome measures used? Are the measures widely used in the industry or sector in which your organization operates? Is every performance measure defined? • Are targets ambitious yet realistic? Are targets consistent with budget documents? • Is a key strategy identified for each goal or objective?
<p><u>Government’s Strategic Plan</u></p> <ul style="list-style-type: none"> • Alignment with government’s strategic priorities 	<ul style="list-style-type: none"> • Does the plan explain how your organization’s service plan is consistent with government’s strategic plan/priorities?
<p>Summary Financial Outlook for the Plan Period</p> <ul style="list-style-type: none"> • Total revenue • Total expenses • Major sources of revenue • Major sources of expenses 	

<ul style="list-style-type: none"> • Operating income or loss • Net income or loss • Key forecast assumptions • Forecast risks and sensitivities 	
<p>Major Capital Project Plan (where relevant) The following with respect to anticipated or actual capital costs:</p> <ul style="list-style-type: none"> • The amount of money • The value of any land, facilities, rights, or other benefits • The amount of any guarantees contributed 	
<p>Information on Operating Segments (where relevant)</p> <ul style="list-style-type: none"> • Goals and/or objectives • Key strategies • Performance measures • Targets • Relationship between specific goals and objectives and the goals and objectives of the organization as a whole 	
<p>Non-disclosure of Confidential Information</p>	<ul style="list-style-type: none"> • An explanation for any information excluded from the service plan
<p>Adequacy of Information Provided in the Service Plan</p>	<ul style="list-style-type: none"> • Does the service plan for your organization provide information on each key element in the minimum content requirement section of guidelines?
<p>Planning Period</p>	<ul style="list-style-type: none"> • Does your organization’s service plan cover a minimum 3-year period? • Are the current fiscal year covered and the following 2 years?
<p>Title of Plan</p>	<ul style="list-style-type: none"> • Is the term “service plan”; the name of your organization, and the planning period included on the title page of your organization’s plan?
<p>Form and Language</p>	<ul style="list-style-type: none"> • Is the information provided in your organization’s plan clear and readily understandable? • Are the terms provided in the guidelines used and the definitions adhered to?
<p>Approval and Publication Process</p>	<ul style="list-style-type: none"> • Has your organization’s board of directors approved the service plan? • Have you included a message from the CEO/ President?

Appendix C – Relevant Sections of the
Budget Transparency and Accountability Act (August 2001)

Section 8 Making capital project information to be presented with the Estimates

- (1) Subject to section 19(5) [exception if disclosure would be harmful], for any project where the government reporting entity, directly or indirectly,
 - (a) has made commitments, or
 - (b) anticipates making commitmentsthat will, in total, exceed \$50 million towards the capital cost of the project, the minister must present to the Legislative Assembly, at the same time that the main Estimates are presented, a statement of the current and anticipated total cost to the entity in relation to the capital cost of the project.
- (2) For the purposes of subsection (1), a commitment includes
 - (a) the amount of any money,
 - (b) the value of any land, facilities, rights or other benefits, and
 - (c) the amount of any guarantees,contributed, made in respect of or otherwise provided, or anticipated to be provided, by the government reporting entity towards the capital cost of the project.
- (3) The obligation under subsection (1) ends when no further cost to the government reporting entity in relation to the capital cost of the project is anticipated.

Section 12 Government strategic plan

On or before the date when the main Estimates are presented to the Legislative Assembly, a minister must make public strategic plan documents that

- (a) set out the government's priorities
- (b) identify specific objectives and expected results
- (c) provide a fiscal forecast for the government reporting entity for the fiscal year for which the Estimates are presented and the following two (2) fiscal years, including a statement of all material assumptions and policy decisions underlying that forecast, and
- (d) present other information that the minister considers appropriate.

Section 13 Service plans for ministries and government organizations

- (1) Annual service plans for each ministry and each government organization must be made public in accordance with this section.
- (2) In the case of a service plan for a ministry, the plan must
 - (a) cover the ministry and other appropriations of the responsible minister,
 - (b) be made public by the responsible minister on the date when the main Estimates are presented to the Legislative Assembly for each fiscal year, and
 - (c) address that fiscal year and the following two (2) fiscal years.
- (3) In the case of a service plan for a government organization, the plan must
 - (a) be made public by the responsible minister on the date when the main Estimates are presented to the Legislative Assembly for each fiscal year of the organization, and
 - (b) address that fiscal year and the following two (2) fiscal years.

- (4) Subject to section 19(5) [exception if disclosure would be harmful], a service plan under this section must be consistent with the current government strategic plan and must
- (a) include a statement of goals,
 - (b) identify specific objectives and performance measures,
 - (c) in relation to a project to which section 14 [major capital project plans] applies, include the information required under that section,
 - (d) include other prescribed information, if applicable,
 - (e) for a ministry's service plan,
 - (i) include a statement that the responsible minister is accountable for the basis on which the service plan is prepared and for achieving the specific objectives in that plan, and
 - (ii) provide for the signature of the responsible minister to that statement,
 - (f) if expected results that are specified by regulation of Treasury Board, under the *Balanced Budget and Ministerial Accountability Act* for the purpose of section 5(3) of that Act are pertinent to a ministry's annual service plan,
 - (i) include a statement that the member of the Executive Council who has responsibility for those results is accountable for achieving them, and
 - (ii) provide for the signature of the member to that statement, and
 - (g) include other information the responsible minister or government organization considers appropriate.

Section 14 Major capital project plans to be made public at time of commitment

Subject to section 19(5) [exception if disclosure would be harmful], within one month after commitments have been made such that statements of costs under section 8 [major capital project information to be presented with the Estimates] are required with the next main Estimates, the responsible minister in relation to the project must make public a major capital project plan stating

- (a) the objectives of the project,
- (b) the costs and benefits for the project, and
- (c) the risks associated with those costs and benefits.

Part 4 – Service Plan Reports

Section 15 Annual report on government strategic plan

By August 31 in each year, a minister must make public an annual report that, for the fiscal year of the *Public Accounts*, compares actual results of the government's strategic plan under section 12 with the expected results of the strategic plan for that fiscal year.

Section 16 Annual service plan reports for ministries and government organizations

- (1) Annual service plan reports for each ministry and each government organization must be made public in accordance with this section.
- (2) In the case of an annual service plan report for a ministry, the report must
 - (a) cover the ministry and other appropriations of the responsible minister,

- (b) compare actual results for the preceding fiscal year with the expected results identified in the service plan under section 13 for that fiscal year,
 - (c) be made public by the responsible minister no later than August 31 in each year,
 - (d) include a statement that the responsible minister is accountable for those actual results,
 - (e) provide for the signature of the responsible minister to that statement, and
 - (f) if expected results that are specified by regulation of Treasury Board, under the *Balanced Budget and Ministerial Accountability Act* for the purpose of section 5(3) of that Act are pertinent to a ministry's annual service plan report,
 - (i) include a statement that the member of the Executive Council who has responsibility for those results is accountable for them, and
 - (ii) provide for the signature of the member to that statement
- (3) In the case of an annual service plan report for a government organization, the report must:
- (a) compare actual results for the preceding fiscal year with the expected results identified in the service plan under section 13 for that fiscal year, and
 - (b) be made public by the responsible minister no later than August 31 or the end of 5 months after the end of the preceding fiscal year of the government organization, whichever comes first.
- (4) On a date not earlier than 30, nor later than 60, days after the annual service plan report for a government organization specified by regulation of Treasury Board is made public under subsection (3)(b) by the responsible minister, the specified government organization must conduct a public meeting at a location in British Columbia where that organization carries on significant operations, for the purposes of presenting to the public the annual service plan report, required under this section, of that organization.
- (5) Each government organization specified under subsection (4) must give at least 14 days notice of the public meeting required under subsection (4) by a notice that states the time, date, place and purpose of the public meeting and other information that may be prescribed.
- (6) If another Act requires a responsible minister to present a report to the Legislative Assembly respecting the activities of a ministry or government organization for a fiscal year, the report under this section satisfies that requirement subject to any additional reporting requirements established by the other Act.
- (7) An annual service plan report under this section may be combined with a service plan for the following year under section 13, so long as the service plan is made public in accordance with that section.

Section 17 Non-compliance statements

If a document required to be made public under this Act

- (a) is not made public within the required time,
- (b) does not include all required information, or
- (c) does not present the information in the required manner, then, at the time the document is required to be made public, the responsible minister must make public a written statement giving the reasons for the non-compliance.

Section 18 Making documents public

- (1) If a person is required to make a document public under this Act, the person meets that obligation by
 - (a) either, as applicable
 - (i) laying the document before the Legislative Assembly, if it is in session, or
 - (ii) filing the document with the Clerk of the Legislative Assembly, if the Legislative Assembly is not in session, and
 - (b) making the document available to the general public in a reasonable manner, which may include by electronic means.

Section 19 Disclosure requirements

- (1) The disclosure requirements under this Act are additional to any other requirements established by another Act.
- (2) In preparing documents to be made public under this act, all reasonable efforts must be made to present the information in a form and language that is as precise and as readily understandable as practicable.
- (3) To the extent reasonably possible,
 - (a) if this Act requires information to be made public respecting planning and later respecting results in relation to the same matter, the information must be presented in a readily comparable manner, and
 - (b) the information contained in a service plan and annual service plan report under this Act for one organization must be readily comparable to information contained in the service plans and annual service plan reports of other organizations to which this Act applies.
- (4) The terms “surplus” and “deficit” must not be used in a document required to be made public under this Act to refer to the surplus or deficit of the consolidated revenue fund.
- (5) Despite any other provision of this act, disclosure of specific information
 - (a) is not required, if the information would not be required to be disclosed under the *Freedom of Information and Protection of Privacy Act*, and
 - (b) is prohibited, if the information would be prohibited from being disclosed under that Act.

Section 24 Regulation making authority

- (1) The Lieutenant Governor in Council may make regulations referred to in section 41 of the *Interpretation Act*.
- (2) Without limiting subsection (1), the Lieutenant Governor in Council may make regulations as follows:
 - (a) defining a word or expression used in the Act;
 - (b) prescribing information that must be included in a service plan under section 13;
 - (c) on the recommendation of the minister after consultation with the Auditor General, exempting a government organization from the application of one or more of sections 13 (service plans), 14 (major capital project plans) and 16 (annual service plan reports);

- (d) on the recommendation of the minister after consultation with the Auditor General, excluding an organization from or including an organization in the government reporting entity.
- (3) If a regulation under subsection (2)(c) or (d) is made, the minister must make public as soon as possible a statement of the reasons for making the recommendation.

Section 52 Staged implementation

- (1) The following section first applies for the purposes of the 2001/2002 fiscal year:
section 8 (major capital project information).
- (2) The following sections first apply for the purposes of the 2002-2003 fiscal year:
section 12 (government strategic plan);
section 13 (service plans for ministries and government organizations);
section 15 (annual report on government strategic plan);
section 16 (annual service plan reports for ministries and government organizations).

Section 53 Commencement

- (1) Section 14 (major capital project plans) comes into force on October 1, 2000.
- (2) Sections 41 to 51 (repeal of annual ministry reports under other Acts) come into force on March 31, 2002.

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