
2005/06 - 07/08
Service Plan Guidelines
for
Crown Agencies

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Prepared by the Crown Agencies Secretariat

**SERVICE PLAN GUIDELINES FOR CROWN AGENCIES
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SERVICE PLAN GUIDELINES FOR CROWN AGENCIES

1.0 INTRODUCTION

1.1 Purpose of Service Plans

Service plans are high level planning documents that summarize for the public and stakeholders the detailed information contained in internal business plans. A service plan should assist the public's understanding of the core business of each Crown agency, the services provided, the actions planned and the expected results. Service plans are part of a larger performance management and accountability framework that covers planning, performance measurement, and reporting.

A service plan is the Crown agency Board of Director's document, as the Board is ultimately accountable for the Crown agency achieving the planned results documented in the plan. However, because the Minister responsible for the Crown agency is required under the *Budget Transparency and Accountability Act* (BTAA) to table the service plan, the Minister will review and provide input into the plan prior to its being finalized, to ensure that it is consistent with the BTAA and the government's Strategic Plan, and with the Minister's direction to the Crown agency through a Shareholder's Letter of Expectations or other means.

1.2 New for 2005/06 - 2007/08

There are very few content requirement changes to service plans for 2005/06 - 2007/08. However, the guidelines have been condensed somewhat from last year's version, and additional information on the BC Reporting Principles has been provided throughout.

Specific changes to these guidelines compared to the 2004/05 Guidelines for Crown agency Service Plans are as follows:

- The accountability statement is now mandatory, and should be combined with the Letter from the Board Chair to the Minister Responsible with a single signature from the Board Chair;
- Minor changes have been made to the Summary Financial Outlook section (inclusion of planned FTEs, planned capital expenditures, and 2003/04 actuals to the table); and
- Timelines have been adjusted as below.

KEY DATES	
Between December 10 and December 21	Draft service plans sent to Crown agencies Secretariat (CAS) for review (please consult with your CAS contact if you require any flexibility in this date)
By January 10	CAS will send comments back to Crowns on draft service plans
Prior to January 15	Draft service plan, incorporating CAS's comments, submitted to Minister responsible for review and input
January 21	Final board-approved financials and forecasts to Treasury Board Staff (TBS). (Crown agencies should ensure that forecasts submitted to TBS match financial information in Service plans)
January 27	Final board-approved service plans e-mailed to CAS in PDF format (CAS will forward to Queens Printer for printing)
February 15	Service plans tabled by Ministers Responsible in the Legislature on the same day the budget is tabled

As well, a new emphasis is being placed on streamlining service plans. Crown agencies should review their draft service plans to eliminate any duplication or overlap of information in order to streamline the documents as much as possible. As part of streamlining, Crown agencies have the option of:

- Merging goal and objective statements; and
- Combining vision and mission statements into one high level statement.

1.3 Purpose of the Guidelines

In August 2001, the Government of B.C. amended the *Budget Transparency and Accountability Act* (BTAA) to provide a legislative framework for planning, reporting, and accountability. These amendments included the requirement for three-year service plans, which are designed to ensure that government and Crown agencies clearly outline their goals, and to enable British Columbians to hold government and Crown agencies accountable for their decisions and actions.

The purpose of these Guidelines for Crown Agency Service Plans is to assist Crown agencies to develop service plans that are consistent with the BTAA and the BC Reporting Principles. Crown Agencies Secretariat (CAS) recognizes that organizations are at different points in the development of performance management and reporting systems and the use of service plans as a management tool in strategic planning. In addition, some Crown agencies have to balance the requirement to provide the public with sufficient information to enable an informed assessment of progress towards achieving goals, objectives and targets with the necessity to protect commercially sensitive information.

1.4 BC Reporting Principles

Eight public performance reporting principles and criteria, based on consensus support from government and the Auditor General, were approved by the Public Accounts Committee in October 2003. The BC Reporting Principles have been adopted by the BC government as a methodology for performance planning and reporting for ministries and

Crown agencies. Since 2003/04, all ministries and Crown agencies have been required to incorporate the reporting principles into their annual reports and service plans. Crown agency service plans and annual reports may be reviewed against these principles by the Office of the Auditor General and the Legislature or its Committees.

B.C.'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

The intent of the reporting principles is to provide a general frame of reference to assist organizations in the preparation of service plans and annual reports. The principles are also designed to be a tool to help organizations in managing and reporting their performance throughout the planning and reporting cycle, and should be integrated into organizations' ongoing management practices. Incorporation of the reporting principles into service plans and annual reports will provide readers with more information about an organization's purpose, goals, intended and actual results, and should give readers greater confidence in the relevance and reliability of the information being presented.

The eight reporting principles are not intended to form the outline of a service plan or annual report, but should be incorporated generally throughout the body of the plan or report, rather than being reported on separately. The principles are a structured way of thinking about the content, completeness and quality of performance reporting.

It is recognized that some of the principles are more challenging to report on than others. It may take several years to build the processes and structures necessary to incorporate these principles into performance management and reporting.

More detailed information on the reporting principles and examples of their use are included in Module 1.

1.5 Information Modules

The information modules at the back of the guidelines are intended to provide additional information on the BC Reporting Principles and other elements of service plans. This year a new module on risk and capacity has been added.

2.0 TEMPLATE OF SERVICE PLAN ELEMENTS

The following list identifies the minimum content requirements of 2005/06 - 2007/08 service plans for Crown agencies. This list is not intended to limit Crown agencies from including any other information they consider appropriate to improve transparency and accountability. However, Crown agencies should keep in mind the need to keep service plans concise and to use plain language so that service plans are accessible to the general public.

- o Title of Plan
- o National Library of Canada Cataloguing in Publication Data (optional)
- o Letter from Board Chair to Minister Responsible and Accountability Statement
- o Table of Contents
- o Organization Overview
- o Strategic Context
- o Goals, Objectives, Strategies, Performance Measures, Targets and Benchmarks
- o Alignment with Government's Strategic Plan (and New Era Commitment if relevant)
- o Summary Financial Outlook
- o Major Capital Project Information
- o Subsidiary/Operating Segment Summary Information

See the checklist in Appendix B for more detailed information.

3.0 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 three-year planning period covered by the plan.

4.0 NATIONAL LIBRARY 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 Crown agencies' service plans.

Organizations should directly contact the Cataloguing Division of the Legislative Library (250-387-6506) to register their service plans. In order to maintain the confidentiality of service plans until they have been tabled, only the title page and table of contents should be provided to the Cataloguing Department. 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.

Organizations should also contact 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 which is part of a series (e.g., service plan).

5.0 MESSAGE FROM BOARD CHAIR TO MINISTER RESPONSIBLE AND ACCOUNTABILITY STATEMENT

The intent of this message is to provide a high-level summary of the key elements of the Crown agency's service plan to the Minister and public. The message should be approximately one page in length and include a brief overview of the Crown agency, a high-level discussion of successes to date, major changes that have occurred in the organization since the last Service Plan, strategic issues (market and industry issues, significant expected risks and opportunities for the planning period) that the organization faces, and future outlook.

Crown Agencies should include an accountability statement at the end of the Message from the Board Chair to the Minister Responsible section. Accountability statements provide assurance to the reader on the relevance and reliability of the information contained in the service plan, and provide the reader with greater confidence regarding the organization's goals, objectives, measures and targets.

The accountability statement should be signed by the Board Chair on behalf of the Board of Directors, 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 Board is responsible for the information contained in the plan; and
- A statement regarding the Board's basis for confidence in the financial and performance-based information included in the plan.

Example Accountability Statement

The 2005/06 - 2007/08 Organization XX Service Plan was prepared under my direction in accordance with the Budget Transparency and Accountability Act. I am accountable for the contents of the plan, including the selection of performance measures and targets. The plan is consistent with government's strategic priorities and overall Strategic Plan. All significant assumptions, policy decisions, and identified risks, as of XXX have been considered in preparing the plan. I am accountable for ensuring Organization XX achieves its specific objectives identified in the plan and for measuring and reporting actual performance.

*XX
Board Chair*

6.0 TABLE OF CONTENTS

The Table of Contents should list each of the sections in the service plan, including any elements, such as the letter from the Board Chair to the Minister Responsible and the Accountability Statement, that may appear before the Table of Contents page.

7.0 KEY ELEMENTS

Section 13 of the *Budget Transparency and Accountability Act* (BTAA) states that a service plan for a Crown agency must be consistent with the current government Strategic Plan and must:

- include a statement of goals;
- identify specific objectives and performance measures;
- include information on 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 report under this Act for one organization must be readily comparable to information contained in the service plans and annual reports of other organizations to which this Act applies". In order to achieve this comparability requirement, Crown agencies should ensure that the minimum content requirements listed in these guidelines 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 Crown agencies 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 to assess their service plans' consistency with the guidelines.

8.0 OVERVIEW OF THE ORGANIZATION

This section should be a succinct summary of the public purpose served by the organization (why it exists, who it serves and how it conducts its business, in terms both of its operations and of the public sector values it adheres to in delivering its services, products and programs).

Information in this section should include a brief description of (as appropriate to the organization):

- enabling legislation;
- legislated mandate
- the organization's primary business;
- core business areas and programs;
- core services provided;
- principal markets;
- location of operations;
- principal clients and stakeholders; and
- how the services are delivered (*i.e.* by the organization or by a partner/third party).

The above information should also be disclosed for subsidiaries and operating segments.

The summary description of the organization should also include a brief description of its governance structure (list of Board and committee members, and role of Board of Directors and Board committees), and, in the case of subsidiaries, how the subsidiaries' mandates align with the organization's mandate

9.0 STRATEGIC CONTEXT

This section helps to explain the public purpose served by the crown agency by identifying the organization's strategic context: the organization's vision, mission, values, planning context, and key strategic issues.

9.1 Vision

The vision statement should be a clear and concise statement that describes what success looks like to the organization.

An effective vision statement describes what an organization aspires to become over the next 5 to 10 years. The vision statement describes how an organization wishes to be seen by its clients, customers and constituents.

Examples of a vision statement:

An innovative, collaborative legal aid system responding to the needs of low income people throughout B.C. (Legal Service Society).
To be the leading sustainable energy company in North America. (BC Hydro)

9.2 Mission

The mission statement is a concise statement of an organization's reason for being. It addresses the basic question: "What is our business?" It should incorporate a high-level summary of an organization's purpose, the people it serves, the public needs that it meets, key products or services provided to the public, and the intended results.

The mission statement should flow logically from the organization's vision, and in turn; the organization's goals, objectives and strategies should be consistent with its mission statement.

Example of a mission statement:

Providing housing options to vulnerable British Columbians to assist them in achieving independence and self-sufficiency (BC Housing Management Commission).

Note: Crown agencies may, if they choose, combine vision and mission statements into one high level statement.

9.3 Values

The value statement should describe the principles that guide the organization in its activities, and how these principles link back to the organization's public purpose. These value principles should incorporate the ideals, ethics, and standards that guide the organization's conduct and foster the culture of the organization.

Example of a value statement that links values and public purpose:

The values that guide the Council are accountability, credibility, creativity, effectiveness and flexibility.

Accountability: The Council is accountable to the province's residents both for the quality of work that it carries out and for the responsible use of public funds.

Credibility: The Council will fulfil its responsibilities to British Columbia as defined in the Science Council Act and with the support of government.

Creativity: The Council will seek out innovative approaches and new opportunities to better serve the public interest.

Effectiveness: The Council will anticipate and respond to issues related to science and technology that affect the province.

Flexibility: The Council will adapt to changing circumstances in carrying out its science and technology mandate.

Innovation and Science Council of BC – Annual Report 2003/04

9.4 Planning Context and Key Strategic Issues

POINTS TO CONSIDER:

- **Relating results to risk and capacity**
- **Linking resources, strategies and results)**

The planning context section should identify and document an organization's external risks and opportunities, internal strengths and weaknesses, and capacity issues. (Module 6 presents more information on risk and capacity.)

External risks and opportunities are the potential economic, social, cultural, demographic, environmental, political, legal, governmental, technological, and competitive trends and events that could significantly harm or benefit an organization in the future. Risks and opportunities that could affect partner organizations should also be considered.

- Internal strengths and weaknesses refer to organizational activities that an organization performs especially well or poorly. Areas of internal strength and weakness may include management structure, marketing, finance, accounting, operations, research and development, and computer information systems.
- Capacity refers to the ability of an organization to achieve its future intended results with its current combination of authority, funding, people, and infrastructure (including assets, systems and processes). Capacity issues include internal factors such as staffing and funding levels, technology, etc. that could have an effect on performance.

The planning context section of the service plan should list all significant internal and external risks and opportunities and capacity issues that could significantly affect planning or performance, plus any changes to an organization's mandate and any related strategic shifts being implemented over the planning period. The planning context should also address, at a high level, how the organization plans to address the identified risks and opportunities.

Note: In order to reduce duplication in service plans, organizations should only document high-level risk and capacity issues in this section. The specific activities the organization intends to take to manage risks and capacity issues and to exploit opportunities should be documented in the Goals, Objectives, and Key Strategies section of the service plan. The potential financial impacts of risks and capacity issues should be set out in the Summary Financial Outlook section of the service plan.

Another component of the planning process is the identification of key strategic issues - the major trends and forces that are likely to have an impact on the organization's planning in the next three years. Identification of key strategic issues should be based on an assessment of: recent actual performance, the anticipated future external business environment, and the organization's strengths and weaknesses. Examples of key strategic issues to document in this section could 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 of information systems. As well, any planned Core Review or subsequent government-directed changes in direction should be disclosed in this section. Organizations should provide a high-level, brief explanation of each key strategic issue in this section of the service plan.

10.0 GOALS, OBJECTIVES, STRATEGIES, MEASURES AND TARGETS

The following table demonstrates an example of how to report goals, objectives, strategies, measures, and targets in a concise and readable format. Sections 10.1 and 10.2 below provide greater detail on the elements to be included in this table.

GOAL				
OBJECTIVES (may be combined with Goals)				
1.				
2.				
3.				
STRATEGIES				
1.				
2.				
3.				
PERFORMANCE MEASURES		TARGETS		
		04/05 Actuals /Baseline	Year 1	Year 2
1.				
2.				

Explanatory notes: (could include explanation of measures, benchmarks, disclosure of reporting judgements and basis of management confidence in reliability and relevance of performance information.) Note: this information could also be included in a glossary.

10.1 Goals, Objectives and Strategies

In this section, the organization should describe its planned goals, objectives, and strategies over the three-year planning period - what the organization intends to do and how it plans to accomplish its goals. It should present a balanced view of the organization's most significant areas of financial and non-financial activity, and should concentrate on only the most critical aspects of planned performance. The description of goals, objectives and strategies in the service plan should be sufficient to provide the reader with insight into and confidence in the organization's planning process.

POINTS TO CONSIDER:

- **Focus on the few, critical aspects of performance**
- **Disclose the basis for key reporting judgements**
- **Link goals and expected results**
- **Link resources, strategies and results**

The organization should also document:

- why the particular goals and objectives included were determined to be most critical by the organization; and
- any significant changes that have occurred in the organization's goals, objectives, or performance measures from previous years, with both the changes and the reasons for them documented.

Organizations should also, if they have the information to do so, include, in broad terms, the estimated resource requirements (in dollar and FTE terms) to achieve specific planned goals and objectives.

Goals and objectives should be consistent with the organization's vision and mission and should establish the organization's intended results for the planning period, and should be stated in such a way that their achievement can be clearly assessed at year-end.

Goals

Goals should flow from and support the enabling legislation, mandate, vision, and mission of the organization. When goals and results are clearly linked, the reader can see the logical flow an organization has followed from its vision, mission and mandate, to its goals, objectives, and strategies, through to its performance measures and targets. Goals should focus on significant areas of organizational needs and be expressed in a manner that is clear and operational. Also, goals should be realistic and achievable in the context of the organization's role and resource constraints.

Example of goal statements from the 2004/05 - 2006/07 Service Plans:

- ***Build a performance-based and team-oriented customer service culture that focuses on flexibility, productivity and continuous improvement (BCBC).***
- ***Set the standard for excellence in retailing and wholesaling of beverage alcohol (LDB).***
- ***Increase economic benefit for the people of British Columbia through the operation of Vancouver Convention & Exhibition Centre and BC Place Stadium (BC Pavilion Corporation).***

Objectives

Objectives are more detailed than goals and refer more directly to the actions that will be undertaken.

Example of objectives from the 2004/05 - 2006/07 Service Plans:

- ***Establish partnerships with the Federal government, community organizations, the private sector, local government and other Ministries to create additional locally-based housing options (BC Housing Management Commission).***
- ***Increase client and customer satisfaction ratings (LWBC).***
- ***To increase the level of compliance by the petroleum industry (Oil and Gas Commission).***

Note: In some cases, it may be appropriate for an organization to combine goals and objectives into one statement. The level of detail needed (separate goals and objectives or combined goal/objective statements) will depend on the complexity of the organization, the complexity of individual goals, and how many levels of detail the organization feels are necessary to explain the actions planned for the planning period.

Strategies

Strategies are specific activities that an organization plans to use to accomplish its goals and objectives. They document more specifically how an organization intends to accomplish its goals.

Examples of strategies from 2004/05 - 2006/07 Service Plans:

- ***Support science and technology career development initiatives (example: career development program for science fair winners) (Innovation and Science Council).***
- ***Accelerate the sale of surplus and selected other properties to contribute to improving the Province's fiscal situation while enhancing corporate performance (BCBC).***
- ***Implement advertising programs which raise awareness of the Royal BC Museum and introduce admission packages to generate increased visits (RBC Museum).***

10.2 Performance Measures, Targets, and Benchmarks

Organizations should keep in mind the need to focus on only those performance measures that relate most strongly to the organization's overall goals and objectives, and the need to present credible information, fairly interpreted.

POINTS TO CONSIDER:

- **Link goals and results**
- **Link resources, strategies and results**
- **Focus on the few, critical aspects of performance**
- **Present credible information, fairly interpreted**
- **Provide comparative information**
- **Disclose the basis for key reporting judgements**

To meet this purpose, information should be:

- consistent from year to year (any changes should be disclosed);
- fair and neutral;
- relevant to the organization's overall objectives;
- reliable - accurate and free of significant omissions. Any use of estimates or limitations to reliability or verifiability of data should be disclosed, and sources of data should be disclosed;
- verifiable (based on well documented systems, internal controls and good supporting documentation);
- understandable - succinctly explained in plain language, graphs and tables; and
- timely (information is current, and can be compiled in time for reporting in annual reports).

Organizations should also briefly disclose the basis for the key reporting judgements chosen - the reasons the organization had for selecting the specific measures and targets used (tying them back to the general planning context and strategic issues the organization faces), and how the organization has obtained confidence in the credibility of information provided.

Under the BTAA Section 16 (3), Crown agencies are required to report details of their actual results in their annual reports compared to the expected performance targets stated in the service plans. When setting measures and targets, Crown agencies should keep in mind the need to report actual results in their annual reports in comparison with the expected results documented in their service plans.

Performance Measures

Performance measures should be results-based, and should enable the Crown agency and the public to form accurate judgements regarding the agency's success in achieving intended results. They should be useful in making decisions about future actions. Organizations should concentrate on creating and tracking only those measures that are critical indicators of the organization's success. Measuring performance is labour and resource intensive; therefore it is important to restrict an organization's measures to those that will significantly aid in managing core business lines/programs. Performance measures should also focus primarily on the areas over which an organization has a

meaningful degree of control.

As much as possible, measures should be benchmarked with similar services provided in other organizations or jurisdictions, and should demonstrate a balance between financial and non-financial goals and objectives.

For accountability and long term planning purposes, an organization's goals, objectives, and performance measures should be consistent from one planning period to the next. If it is necessary to make changes, an explanation of the changes should be provided in the service plan to ensure that readers understand what was changed and why.

Module 3 presents more information on performance measures.

Key Performance Measure Questions:

- *Do the measures focus on the critical areas of the organization?*
- *Are the measures relevant and understandable?*
- *Are they reliable and verifiable (does the organization have confidence in the data), and can data be collected in a cost-effective manner?*
- *Are the measures reasonable in the context of information on trends over time?*
- *Are they consistent with the capacity of the organization and the risks it faces?*
- *Can the organization be held reasonably accountable for the results?*
- *Can measures be tied back to goals and objectives?*
- *Are there measures for all core business areas?*

Examples of performance measures from 2004/05 - 2006/07 Service Plans:

- ***Processing efficiency: process land and water tenures within 140 days (LWBC)***
- ***Number of communities collaborating on language revitalization projects (First Peoples Heritage, Language and Culture Council)***
- ***Proportion of grantees with project results consistent with CBT policies and procedures (Columbia Basin Trust).***

Targets

Targets express the quantifiable performance levels the organization plans to attain in each year of the planning period. Targets define what an organization considers to be success and the level of performance the organization plans to achieve. Appropriately set targets track progress toward the achievement of specific goals and objectives, demonstrating how successful an organization is over time in meeting its goals and objectives.

Setting targets generally requires establishing a baseline based on actual performance. The target for the following year should specify a level of improvement from the baseline. Determining an appropriate level of improvement can be aided by referring to benchmark information from similar public or private sector organizations or by considering past trends within the Crown agency.

Each performance measure in the service plan must have an associated target. In cases where the outcomes of programs or lines of business are difficult to quantify or could be affected by external factors, ranges, trends, or milestones can be used.

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 information for setting three-year targets and provide the reader with information about the appropriateness of the targets; and
- Organizations should consider the expected time frame for outcomes to be realized.

The table below provides some examples of performance measures and targets for organizations.

Examples of performance measures and targets from 2004/05 - 2006/07 Service Plans

	Baseline/ Current Year	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
• Overall customer satisfaction ratings	70%	70%	75%	80%
• Rate of customer retention	90%	90%	95%	98%
• Profit Margin	38.2%	39.3%	40.0%	39.0%
• Homebuyer awareness of consumer protections under the <i>Homeowner Protection Act</i>	73% licensing; 45% for warranty insurance	80% awareness of licensing; 55% awareness of warranty insurance	N/A Surveyed once every two years	90% awareness licensing; 70% awareness warranty insurance

A more detailed discussion of targets can be found in Module 4

Benchmarking

Benchmarking should be used predominately as a way to evaluate and improve performance. When included in service plans and annual reports, benchmarking information demonstrates to the reader how an organization is performing relative to the its past performance or comparable public and private sector organizations, and highlights areas that may require improvement or where the organization performs particularly well.

Benchmarks can be based on the organization's past performance, either overall, or the performance of a particular business area, or can be based on industry standards or the performance of similar organizations or similar program areas of other organizations. Trend data, both actual and forecast, can also be used to provide comparability. Benchmarks allow readers to determine whether the organization's performance is improving, deteriorating or remaining the same relative to documented comparators, and provide readers with a sense of how attainable the organization's chosen targets are.

See Module 5 for further discussion of baselines and benchmarks.

11.0 ALIGNMENT WITH GOVERNMENT'S STRATEGIC PLAN

This section should demonstrate how the Crown agency'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 most recent strategic plan or stated policy objectives.

12.0 SUMMARY FINANCIAL OUTLOOK

This section should include high-level financial projections for revenues and expenses, as well as the key assumptions and risks considered in setting the projections. In this section, organizations should also document major sources of funding, budget by core business area (program, product or service) and disclose planned FTEs by major business area.

A recommended template for the summary financial outlook for the 2005/06 – 2007/08 service plan is provided in Module 2.

Note: how much financial detail is required in this section will depend on the complexity of the organization. Smaller Crown agencies are only required to list sources of funding and total planned revenues and expenditures and net income by year. Crown agencies with subsidiaries or segments should include separate financial information for each subsidiary or segment.

The key assumptions section should include a summary description of what assumptions about future trends and markets, etc. were considered when forecasting the financial outlook. Any assumptions regarding future funding and the effect any anticipated or potential changes in funding would have on projections should also be disclosed.

The organization should also disclose the expected risks and sensitivities underlying the summary financial outlook, and should include, if relevant, a sensitivity analysis setting out the financial implications of key risks. A brief description should be provided for any significant changes in assumptions or forecast risks and sensitivities between planning years or from the previous year's service plan.

The financial information provided in the service plan must be consistent with that provided for the provincial budget estimates. Crown agencies are accountable for ensuring that information provided to Treasury Board for the budget is fully consistent with financial information included in their final board-approved service plan.

13.0 MAJOR CAPITAL PROJECT INFORMATION (where relevant)

This section reflects statutory requirements under the BTAA that Crown agencies that have made commitments or anticipate making commitments in excess of \$50 million towards the capital cost of a project during the planning period must disclose this information in their service plans. 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 its service plan.

14.0 SUBSIDIARY AND OPERATING SEGMENTS INFORMATION

An operating segment, as defined by the Canadian Institute of Chartered Accountants (CICA), means a *subsidiary, business unit or other component* of an organization:

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. for which revenues, profits (or losses), or assets are ten percent or more of the organization's total revenue, profits (or losses) or assets.

At a minimum, the service plan should include the following information for each operating segment and each subsidiary:

- Specific goals and objectives for the segment/subsidiary
- Specific strategies, performance measures, and targets for the segment/subsidiary;
- Information on how the goals and objectives of the operating segment/subsidiary relate to the goals and objectives of the organization as a whole; and
- Separate segment/subsidiary financial information as specified in the Summary Financial Outlook section.

It may also be appropriate to include additional information related to the vision, mission, and values of an operating segment or subsidiary, if they are different from those of the organization as a whole.

Subsidiary information must be separately disclosed. The need for separate disclosure for operating segments will depend on the relative contribution of the operating segment to the whole, and of the degree of integration between the vision, mission and values of the operating segment and the organization.

15.0 NON-DISCLOSURE OF SPECIFIC INFORMATION

Information contained in service plans should be in compliance with the *Freedom of Information and Protection of Privacy Act*. Under the Act, a service plan should not disclose information that falls within the following categories:

- 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 Crown Agency;
 4. the conservation of heritage sites, etc.;
 5. individual or public safety;
 6. the business interests of a third party; and
 7. personal privacy.

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

Notwithstanding the above, organizations should ensure that adequate information is provided on each key element of the minimum content requirement to enable the objectives of the BTAA to be met.

If adherence to the *Freedom of Information and Protection of Privacy Act* necessitates the exclusion of any information listed in the minimum content requirement section of these guidelines, the organization should identify the information that has been excluded and should provide an explanation for its exclusion. The explanation should be detailed enough to enable the public to understand the rationale for exclusion.

16.0 CROWN AGENCY CONTACT LIST

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

17.0 FORM AND LANGUAGE

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

18.0 REVIEW, APPROVAL AND PUBLICATION PROCESS

The BTAA stipulates that the service plans of ministries and Crown agencies must be made public by being tabled in the Legislature by the Minister Responsible annually on the date that the provincial budget estimates are tabled in the Legislature (the third Tuesday of every February - February 15 in 2005). Typically, the Minister of Finance tables the Crown agency and Ministry service plans on behalf of the responsible Ministers at the end of the budget speech.

Review Process

Crown Agencies Secretariat will review drafts of service plans for consistency with these guidelines and the requirements of the BTAA. The draft service plans need not be approved by the Board of Directors prior to being forwarded to CAS for review.

As was done with the 2004 - 2007 service plans and the 2003/04 Annual Reports, Crown Agencies Secretariat will provide feedback on its review of the plans to Crown agencies and to the Ministers responsible for them. CAS will provide Crown agencies with feedback on each draft submitted for review. The Minister responsible will be provided with feedback based on the last draft reviewed by CAS. CAS may also consult with Treasury Board and Ministers responsible on any of the financial or non-financial aspects of the service plans.

The final version of the service plan must be approved by the Crown agency's Board of Directors and reviewed by the Minister responsible for the Crown agency prior to being finalized and sent electronically in PDF format to CAS. Because the Minister Responsible has the requirement under the BTAA to table service plans, it is crucial to ensure the Minister is comfortable with the content and presentation of the service plan before it is finalized. A Minister can make a public statement of non-compliance with the BTAA rather than tabling a service plan on Budget Day if he or she is not comfortable with the contents. In such a case, the plan would be tabled at a later date, once the Minister and the Board Chair had reached agreement on it.

Transmittal Process

For service plans, CAS is responsible for sending the PDF files to Queen's Printer for printing and distribution on Budget Day.

Unlike the process for Annual Reports, the paper copies of each Crown's final Service Plan will be printed and distributed by the Queen's Printer. This will enhance security over the Service Plans and will allow the Crown agencies' Service Plans to be included in

binders distributed to elected officials and Officers of the Legislature on Budget Day. Crown agencies will not be required to pay any of the printing costs associated with the tabling and distribution of Service Plans on Budget Day.

The Service Plans printed for Budget Day will be in black and white. This may slightly decrease the print quality of Service Plans if they are already in colour. To improve the print quality of any graphics in the Service Plans, Crowns should ensure that they are in high resolution.

Timelines

In order to meet the scheduled February 15, 2005 publication deadline for Crown agencies in conjunction with the government's budget, the following is a schedule of key dates:

KEY DATES	
Between December 10 and December 21	Draft service plans sent to CAS for review (please consult with your CAS contact if you require any flexibility in this date). This will allow sufficient time for subsequent reviews by the Board and the Minister.
By January 10	CAS will send comments back to Crowns on draft service plans
Prior to January 15	Draft service plan, incorporating CAS's comments, submitted to Minister responsible for review and input
January 21 (TBS deadline)	Final board-approved financials and forecasts to Treasury Board Staff (Crown agencies should ensure that forecasts submitted to TBS match financial information in Service plans)
January 27	Final board-approved service plans e-mailed to CAS in PDF format (CAS will forward to Queens Printer for printing). Final plans must be received by Queens Printer by this date in order to meet their printing schedule.
February 15	Service plans tabled by Ministers Responsible in the Legislature on the same day the budget is tabled
On-going	Review of service plans and annual reports by the Legislature or its committees and the Office of the Auditor General
Late June 2005	Crown agency 2004/05 Annual Reports tabled by Minister Responsible on the same day as the Public Accounts are released

Note: If you will have difficulty meeting any of the above dates (other than the January 27 date, which must be met in order to have Service Plans tabled and distributed on Budget Day), please discuss your concerns with your CAS contact person.

Website Posting

On February 15th, 2005, Crown agencies should ensure their Service Plans are put on their websites after 4:00 p.m. This timing will ensure that the Minister of Finance has already tabled the Service Plans and budget. Hard copies of the plan should also be made available, on a request basis, to the public.

All Crown agency Service Plans will also be posted by CAS on the Crown Agencies Secretariat's website.

Subsequent Reviews

Crown agencies should be prepared to have their service plans reviewed by a committee of the Legislature. If a Crown agency is selected for review, it will be required, prior to the scheduled meeting, to supply the Committee with its most recent annual report and service plan, latest three-year budget forecast, and any other information requested.

Executive staff of the Crown agency will be required to make a presentation at the meeting and to answer any questions posed by the Committee members. Office of the Auditor General may review service plans of selected Crown agencies as part of their annual Building Better Reports review.

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.
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: <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);

	<p>2. for which discrete financial information is available; and</p> <p>3. revenues, profits (or losses), or assets are ten percent or more of the organization's total revenue, profits (or losses) or assets.</p>
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

<ul style="list-style-type: none">• Title of Plan• National Library of Canada Cataloguing in Publication Data (optional)• Message from Board Chair to Minister Responsible and Accountability Statement• Table of Contents
Organizational Overview <ul style="list-style-type: none">• Summary description of organization<ul style="list-style-type: none">• Primary business• Core business areas and programs• Core services provided• Principal markets• Location of operations• Principal clients and stakeholders• How services are delivered• Enabling legislation• Mandate• Governance structure• Subsidiary information• Explanation of public purpose served
Strategic Context <ul style="list-style-type: none">• Vision• Mission (may be combined with vision)• Values• Planning Context and Key Strategic Issues
Goals, Objectives, Key Strategies, Measures and Targets <ul style="list-style-type: none">• Goals• Objectives (may be combined with goals)• Strategies• Performance Measures• Targets
Alignment with Government's Strategic Plan <ul style="list-style-type: none">• How plan supports one or more of the goals outlined in the government's strategic plan
Summary Financial Outlook for the Service Plan Period <ul style="list-style-type: none">• Total revenue• Total expenses• Major sources of revenue• Major sources of expenses• Operating income or loss• Net income or loss• FTEs• Capital Expenditures• Key forecast assumptions• Forecast risks and sensitivities

Major Capital Project Plan (where relevant)

The following with respect to anticipated or actual capital costs:

- Objectives of project
- Costs and Benefits
- Risks associated with project
-

Information on Subsidiaries and Operating Segments (where relevant)

- Goals and/or objectives
- Key strategies
- Performance measures
- Targets
- Relationship between goals and objectives of the operating segments and the goals and objectives of the organization as a whole
- Separate subsidiary/segment financial information

Other Requirements

- An explanation for any confidential information excluded from the Service Plan

INTRODUCTION TO THE INFORMATION MODULES

The information modules are intended to provide the reader with further detail and examples about specific elements of the service plan.

Module 1 - Reporting Principles for British Columbia. Module 1 provides detailed information on the public performance reporting principles for the B.C. public sector.

Module 2 - Summary Financial Outlook. Module 2 provides the recommended template for organizations to use to document summary financial outlook, key assumptions, risks, and sensitivities.

Module 3 - Performance Measures. Module 3 focuses on attributes of effective performance measures.

Module 4 - Targets. Module 4 focuses on the purposes targets serve in the planning process, as well as providing attributes of effective targets.

Module 5 - Baselines and Benchmarking. Module 5 discusses the concepts of baselines and benchmarking, as well as information that organizations can use to create baselines and benchmarks.

Module 6 - Risk and Capacity. Module 6 provides information on risk and capacity, including information on definitions, identification, and service plan disclosure.

MODULE 1 - BC Reporting Principles

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 B.C. public sector. The following set of eight principles was developed by a Steering Committee on Reporting Principles and Assurance, comprised of senior officers from the government and the Auditor General's Office of B.C., and was approved by the Public Accounts Committee of the Legislature in October 2003.

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

Self-Assessment Criteria and Examples

Included with the reporting principles are self-assessment criteria. 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 show how other organizations have gone about incorporating the principles into their reporting.

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, both in terms of its operations and in the fundamental values that guide it. This is important to interpreting the meaning and significance of the performance information being reported.</p> <p>It is not just the raison d'être 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>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>	<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> <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>

Examples to Consider:

BC Buildings Corporation, Service/ Strategic Plan 2002 – 2005

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.

Treasury Board of Canada Secretariat Health CDA Departmental Performance Report 2000-2001

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	
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
REPORTING PRINCIPLE	SELF-ASSESSMENT CRITERIA
<p><i>2. LINK GOALS AND RESULTS</i></p> <p>Public performance reporting should identify and explain the organization's goals, objectives and strategies and how the results relate to them.</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. In essence, by linking the goals and results of an organization, it will be looking forward as well as back at its performance.</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 and targets reflect the range of issues that:</p> <ul style="list-style-type: none"> • concern the public and legislators? (outcomes as well as outputs, and quality and efficiency measures) • are relevant to the organization's goals and objectives? <p>If your organization relies on alternative delivery systems (such as contractors or public/private partnerships), have you described the performance of the overall 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>

Examples to Consider:

Ministry of Forests 2001/02 Annual Report A New Era Update
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 Performance Information
<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, it has been highlighted it because it provides examples, including graphs, of linking goals and results over several years.

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	
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
3. Focus on the Few, Critical Aspects of Performance Public performance reporting should focus on the few, critical aspects of performance. 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: <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 ▪ what is vital to the organization as reflected in its goals, objectives and intended versus actual results. 	Overall, have you presented a clear, concise and balanced picture of your performance? <hr/> 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? 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? Are your key results (financial and non-financial) clear and readily apparent? Have you explained what's critical to your organization in achieving these goals and objectives? Does the reader know that more detailed information (such as operating or divisional plans) is available and where it can be accessed? Are your over-riding goals, objectives and planned and actual results obscured by unnecessary detail or complexity?

Examples to Consider:

BC Hydro Annual Report 2002

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 Business Plan 2002 – 2005

<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.

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	
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
REPORTING PRINCIPLE	SELF-ASSESSMENT CRITERIA
<p>4. Relate Results to Risk and Capacity</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 of something happening that will have an impact upon objectives. It is measured in terms of consequences and likelihood.” Risk management is an integral facet of all business processes.</p> <p>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”.</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>Capacity building is typically the response to an organization's risk assessment.</p> <p>Reporting would identify:</p> <ul style="list-style-type: none"> ▪ Significant risks and their tolerability; ▪ specific dimensions of capacity involved – risk treatment and monitoring; ▪ 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>Overall, do you report whether your organization has sufficient capacity to meet its objectives in the future and manage its risks?</p> <hr/> <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 partners or the private sector)? <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 prioritizing and 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>

Examples to Consider:

BC Hydro's Service Plan for Fiscal Years 2002/03 – 2004/05

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 Annual Report 2002

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 of British Columbia 2001-2002 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.

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	
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
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. Related to this is how efficiently the organization achieves its 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 manage its risks and 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 (for example, by program, products or services); ▪ 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 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>

Examples to Consider:

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

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

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

British Columbia Securities Commission Annual Report 2001-02

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 Annual Report 2002 Chapter 7 Results Analysis

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

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

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	
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
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"> • relevant baseline information drawn from previous periods and/or • internal/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 Annual Report 2002

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 (ACYI) 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.

Performance Measures by Organization and Program (from the United States Department of Veterans Affairs FY 2002 Performance and Accountability Report)

http://www.va.gov/budget/report/Performance_Measures_by_Org_2002.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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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>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, based on the best judgement of those reporting.</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 the organization'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 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>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>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 fair and sound?</p>

Examples to Consider:

BC Progress Board 2002 Report, Chapter 3 Environment, Health and Society

<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 Results Report 2001/2002

<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.

Appendix E: Performance Measure Methodologies (supporting document to the *Ministry of Management Services 2002/05 Service Plan*)

<http://www.msrf.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.

Canada Deposit Insurance Corporation 2001/2002 Annual Report

http://www.cdic.ca/bin/report_e_final.pdf

See pages 2-6 for layout of objectives, measures, targets and performance against targets.

Performance Data and Performance Measurement (from the 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	
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
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 (recognizing, for example, that meaningful quantitative measures may not be easy to identify for some programs) ▪ 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 and reporting date 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 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>

Examples to Consider:

BC Progress Board 2002 Report, Chapter 3 Environment, Health and Society

<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.

Audit of the Social Security Administration's fiscal year 2001 Financial Statements

<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 Public Hospitals, 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 Public Hospitals, 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.

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MODULE 2 –Summary Financial Outlook

The following is the recommended template for the Summary Financial Outlook in the 2005/06 – 2007/08 Service Plans.

(\$m)	2003/04 Actual	2004/05 (latest forecast)	2005/06 (budget)	2006/07 (forecast)	2007/08 (forecast)
Total Revenue (split by core business area)					
[major sources of revenue]					
Total Expenses (split by core business area)					
[major sources of expenses]					
Operating Income (loss)					
Net income (loss)					
FTEs (by core business area)					
Capital Expenditures					

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. The sensitivity analysis should set out the financial implication of key risks.]

MODULE 3 – Performance Measures

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 scrutiny by key stakeholders and the public. Measures and targets must be based on reliable data - if any issues exist around the reliability of the data, they must be addressed or disclosed;
- 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 track and report. Consistency is as important as accuracy;
- Cost-effective. Measures should be designed to be cost-effective. If possible, organizations should base new measures on information from data already collected for other purposes. If this is not possible, an organization should try to identify measures that do not create costly measurement challenges;
- Clear in interpretation. Measures should provide pertinent and unambiguous information about performance of the organization;
- 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 - 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 current goals, objectives, strategies, and targets. Organizations should, however, provide explanatory information if any changes are made or a 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. Explanatory information should be provided when technical measures are used;
- Time-sensitive. Information should be collectable in time for planning and decision-making; and
- Balanced. Measures should be balanced so that the combined total of measures provides readers with an objective view of the organization's performance.

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>

MODULE 4 - Targets

Targets document what level of performance is desired to achieve goals and objectives in a given year. Targets help to answer the question “where do we want to be at the end of the year?”.

Crown agencies are under constant pressure to improve performance. Targets are useful tools to aid in this process by providing evidence of increased outputs and outcomes, lessons learned, and value for money.

Setting Targets

It is important that targets focus on measuring what the organization has control over, whether it is the overall program performance or the factors that 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. 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 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.

Terms used to describe targets should be clear and consistently understood. This is especially true in situations where targets are difficult to quantify. Terms such as ‘satisfaction’ and ‘milestones’ need to be explained precisely so as to avoid a range of interpretations by readers.

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, either too high or too low, will not be able to withstand public scrutiny;
- **Relevant.** To those who will be required to meet them and to the organization as a whole; and
- **Timed.** There should be a set time scale for achieving a target; open-ended targets may not encourage focused effort on improving performance.

Examples of targets:

	2003/04	2004/05	2005/06
• Net income (\$ millions) <i>(BC Hydro)</i>	243	182	179
• % of employees participating in program <i>(Columbia Basin Trust)</i>	50	60	80

MODULE 5 – Baselines and Benchmarking

Baselines

A baseline is an actual result or a composite of an organization's past performance in a particular area that can be used to set future targets, or for comparison to other organizations. A baseline provides a starting point against which future progress can be assessed. Creating baselines has a number of advantages:

- A baseline provides a stable point from which to gauge changes within a line of business or program over time and provides evidence as to the organization's progress in achieving its planned outcomes; and
- A baseline provides a start point from which progress in new lines of business or new programs can be assessed; and

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 planned 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.

Example of a baseline:

	2003/04 Baseline	2004/05	2005/06	2005/06
Website visitors per month	3000	3300	3600	4000

Benchmarking

Benchmarking can be defined as a process of continuously comparing and measuring an organization or aspects of an organization against business/industry leaders, with the objective of gaining information that will help the organization take actions and make changes to improve its performance.

Benchmarking looks at best practices, either within an organization, or in other organizations, and uses this as a reference point (benchmark) against which to assess present processes and future performance. The main objective of benchmarking should not be as a reporting tool, but as a management tool to achieve improvements in performance.

Internal benchmarking is when an organization explores and analyzes internal practices (within different departments or between past and present in the same department) in order to assess current levels of performance and to identify best internal practices that can be replicated in other program areas. External benchmarking is when an organization compares and analyzes the practices and processes of similar peer organizations (or competitors) with its own performance with the same objective.

An organization can benchmark processes, critical success factors and business practices.

The Benchmarking Process

The following is a suggested approach to creating benchmarks. Organizations will find that the process is not necessarily sequential, but the following steps will assist the process.

- 1. Identify what is to be benchmarked.** Identify the program, process, service, etc. to be benchmarked. In making this determination, the organization should such things as what would make the biggest improvement to customers, and what would make the most difference to profitability. It should also consider priorities, risk areas and what areas of operations are most in need of changing.
- 2. Measure.** An organization needs to measure the performance level of the program, service etc. to be benchmarked, document the process, and analyse the data. Consulting relevant literature and creating logic models will aid in this process.
- 3. Identify comparators.** 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. In choosing outside comparators, the organization should consider what the relationship is with the other organization, how good that organization is at the activity to be measured, and whether it is legal and efficient to exchange information with them.
- 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, the reasons for the gaps (processes or business practices, geographic region, facilities, technology, markets) and determine if the practices are suitable and relevant for replication. If suitability has been confirmed, the organization can then set goals and 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. from the identified best practices. An organization may want to identify a few core practices 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 continue to modify under-performing areas.

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;***
- ***Communicate benchmarking results widely within the organization; and***
- ***Document all benchmarking results in detail so that processes can be improved and lessons learned along the way are not lost.***

Examples of benchmarks:

- | | |
|--|-------------------|
| <ul style="list-style-type: none">• A composite of Canadian Electricity Association utilities organized on a regional/provincial basis | <i>(BC Hydro)</i> |
| <ul style="list-style-type: none">• Industry standards• Comparison against past performance | <i>(BCBC)</i> |

Sources of Benchmarking Information

- Library databases
- Internal reviews
- Professional associations
- Industry publications
- Industry reports/trade publications
- Annual reports
- Industry experts
- University sources
- Customer feedback
- Supplier feedback
- Telephone surveys
- Internet
- Original research
- Industry data firms
- Newspapers or newsletters
- Industry contacts

MODULE 6 - Risk and Capacity

Risk

Risk can be defined most simply as the chance of something happening that will have an impact on the achievement of planned objectives. It is measured in terms of its likelihood and its consequences.

All organizations face similar areas of risks; what is unique to each is the mix of risks, and their effect on the organization. Each organization, depending on the type of business it is in, has a specific corporate risk profile. Organizations need to consider both risks and opportunities (*i.e.* how potential opportunities can be exploited/acted upon).

There is no single risk management methodology that works for all organizations. Each organization should tailor existing methodologies to suit its circumstances. Best practices have established a number of conceptual frameworks that can be used to tailor a risk management process to help identify areas of potential risk. A good risk management plan deals with uncertainty, is aligned with corporate goals, and incorporates contingency plans.

Types of risk:

- o Organizational risk
- o Controllable versus uncontrollable risk
- o Involuntary versus voluntary risk
- o Industrial and natural risk
- o Internal versus external risk
- o Financial, political, operational or regulatory risk
- o Process or systemic risk
- o General versus specific risk or uncertainty

Sources of risk

- o Commercial and legal relationships
- o Product liability
- o Financial (fraud, fines, theft of funds)
- o Health and safety (poor practices)
- o Economic circumstances (capital, exchange rates, interest rates, market share, competition, etc)
- o Human behaviour (strikes, riots)
- o Disease
- o Natural events (fires, earthquakes, floods, environmental factors such as pollution or soil contamination)
- o Political circumstances
- o Technological issues (obsolescence, viruses, input errors, loss of data, etc.)
- o Security (break and enter, vandalism)
- o Management activities
- o Individual activities

- o Specific project risks (costs, deliverables, timelines, approvals, etc.)

Steps to Identify and Manage Risks and Opportunities

1. Identify potential risks or opportunities through environmental scans, past experience, industry forecasts, staff consultation
2. Assess likelihood and magnitude/consequences of each identified risk or opportunity
3. Prioritise risks based on potential effect/significance. Consider which risks are significant enough to require action to reduce/mitigate potential exposure. Determine which risks are acceptable; the likelihood of occurrence; what can be done to reduce incidence and magnitude; and costs of control versus exposure. Consider whether the cost of mitigating is too high relative to the likelihood and magnitude of the risk occurring. Determine which opportunities are likely enough or significant enough to warrant developing strategies to exploit them.
4. Develop strategies to manage/mitigate/avoid/exploit risks and opportunities ruled significant/likely enough to influence results.
5. Identify which staff members should be accountable for monitoring and reporting risks, opportunities and effect on performance.
6. Service Plan disclosure - see below.
7. Monitor risk and opportunity occurrence, track effect on operations, and adjust procedures/plans as necessary.
8. Annual Report disclosure - disclose what risks materialized, what effect they had on performance, and what actions were taken to minimize, or in the case of opportunities, what actions were taken to take advantage of.

Capacity

Capacity is the ability of an organization to achieve its intended future results with its current resources. Capacity can also be defined as an organization's people, funding, authority and physical and intellectual infrastructure, including assets, systems and processes.

The first consideration, when assessing whether an organization has sufficient capacity to achieve its goals, is: are the resources and assets sufficient to handle planned activities? If not, the organization should determine what aspects of current or future capacity will affect or limit its intended results. An organization should also consider whether it has excess capacity in certain areas, and whether this capacity could or should be shifted to areas with higher priority.

Once a lack or imbalance of capacity has been established, the organization should consider what alternative actions should be taken to get objectives accomplished, or what trade-offs are necessary - what prioritisation of desired outcomes is required.

Service Plan Disclosure

Risks and Opportunities:

In the planning section, an organization should document high-level risks and opportunities expected to affect the organization during the planning period, how these risks and opportunities were identified, how their potential impact and likelihood was assessed, and briefly, how the organization plans to address them. If the organization has decided that the potential risk can be tolerated (because, for example, the cost of preventing is higher than the potential cost if the risk occurs), this should also be noted. Within the goals/objectives sections of the service plan, the organization should describe what specific strategies are planned to deal with potential risks and opportunities.

Capacity:

The organization should document what the organization's capacity is to meet its intended future results and how it intends to increase capacity, if required, in the planning context section; and should describe strategies for allocating scarce resources/prioritising planned actions, etc. in the goals/objectives section.

Risk and Capacity Analysis Examples:

- BCBC 2004/05 - 06/07 Service Plan - see Planning Context section

Where to Get More Information:

- Conference Board of Canada (<http://www.conferenceboard.ca>)
- Risk Management Branch (<http://www.fin.gov.bc.ca/PT/rmb/index.shtml#top>)