SERVICE PLAN GUIDELINES FOR GOVERNMENT ORGANIZATIONS
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SERVICE PLAN GUIDELINES FOR GOVERNMENT ORGANIZATIONS

1.0 INTRODUCTION: What's new?

1.1 Purpose of the Guidelines

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

Preparation of 2004/05 - 2006/07 Service Plans in the fall of 2003 will be the third iteration of service plans. Each year, government organizations (referred to as Crown agencies) achieve greater skills and knowledge regarding the preparation of service plans. Indeed, fiscal 2002/03 was a year of transition with government-wide restructuring and reorganizing. Despite this, the service plans that were produced showed significant improvements in their content and format. Wayne Strelioff, B.C. Auditor-General, reported that some of the Crown corporations had done the strongest reporting in the report entitled *Building Better Reports: Our Review of the 2001/02 Reports of Government*.[1]

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

Highlights of the changes to these guidelines compared to the August 2002 Guidelines for Government Organizations Service Plans are as follows:

- Incorporation of the Public Performance Reporting Principles for B.C.'s Public Sector.

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

- Strengthened coverage in the description of each service plan element, such as risk management.
- Information modules for further clarification and possible approaches.
- Letter from the Board Chair to the Minister Responsible.
- Accountability Statement and International Standard Serial Number (optional).

1.2 Public Performance Reporting Principles for the BC Public Sector

In January 2002, the Select Standing Committee of the Legislature on Public Accounts (PAC) recommended that the government work with the Office of the Auditor General (OAG) and legislators to seek consensus on public performance reporting principles and criteria for the B.C. public sector. As a result of this work, eight public performance reporting principles and criteria were drafted. The criteria are self-assessment questions that elaborate on each principle and serve as a guide to incorporating the principles in a service plan or annual service plan report (annual report).[2]

Once approved by the PAC, these principles will become the guiding principles for annual reports and service plans. Over time, these principles will support the development of generally accepted performance reporting standards for the B.C. public sector. Although the PAC has not formally approved these principles, CAS and Treasury Board Staff (TBS) have incorporated them into service plan guidelines. This is because CAS, TBS, and the OAG believe that these principles are consistent with best practices.

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

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

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

- Management in its day-to-day and longer term decision-making and activities, and the use of the principles and criteria as a self-assessment tool in preparing plans and reports,
- Legislators in reviewing plans and reports, and
- The public in holding government accountable.[3]

According to the March 2003 Progress Report on the February 2002 Recommendations of the PAC, it is not the intent of the reporting principles to lead to duplication of information in service plans and annual reports. While eight reporting principles have been identified, they should not form the structure of a plan or report. The principles are a way of thinking about the content, completeness and quality of performance reporting. The expectation is that organizations will broadly incorporate all the principles in their plans and reports, rather than reporting separately against each principle. It is also recognized that some of the principles that are being proposed are more challenging to implement, in part due to existing organizational resources and capacity. These challenges may result in some organizations taking longer to build processes and structures that are necessary to incorporate these principles into their performance reporting. Based on this recognition, it is foreseen that these principles will help guide organizations throughout different stages towards full implementation of the proposed principles.[4]

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

1. The first premise is that these principles support an open and accountable government that clearly communicates to the public what government strives to achieve and what it actually achieves. This should enhance the quality of public performance reporting and performance information available to decision-makers.
2. The second premise is that the principles should provide a framework for a learning organization, which learns from best practices on public reporting, understands reporting requirements and expectations, implements sound reporting practices and takes corrective action if necessary. The learning process is an evolutionary and iterative procedure.
3. The third premise is that users of performance information have a basis to understand how performance reports are prepared. Based on this understanding users of performance information can assess where an organization is along the continuum to optimum performance reporting.[5]

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

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[3] Ibid.

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

[5] Ibid.

1.3 Strengthened Coverage in Service Plan Elements

The enhanced service plan guidelines incorporate additional information on each element in a service plan. One example of an area that has been enhanced is risk management, as it is a best management practice for public sector reporting. Risk management allows for greater public disclosure, understanding, openness and accountability regarding risks and results. Benefits of risk management include: better governance; more informed and defensible decisions; better resource allocation based upon risks and opportunities; efficiencies – controls responsive to risk, reduced stress – less crisis management; and improved performance reporting.[6] The process of managing risk needs to be ongoing, embedded in the culture of the organization and have the potential to re-orient an organization in terms of performance improvement.

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

1.4 Information Modules

The intention of the revised service plan guidelines is to facilitate the use of service plans as a strategic management tool within Crown agencies. The enhanced guidelines build on the existing service plan guidelines dated August 2002, and add further clarification in certain areas, as well as a new section, which contains information modules. The information modules are intended to provide the reader with further detail about a specific element in the plan. CAS recognizes the uniqueness of each government organization. Therefore, these guidelines are not intended to be a how-to guide and do not prescribe any particular process for the development of service plans. Each organization, in consultation with key managers, should design a process that suits the organization's unique needs and circumstances. In this light, the information modules have been incorporated into the guidelines as possible approaches to strategic planning and address specific areas of concern, such as creating logic models and useful performance measures.

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

2.0 TEMPLATE OF SERVICE PLAN ELEMENTS

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

> Title of Plan
> National Library of Canada Cataloguing in Publication Data (optional)
> Letter from Board Chair to Minister Responsible
> Accountability Statement (optional)
> Table of Contents
> Organization Overview
> Strategic Context
> Goals
> Objectives
> Strategies
> Performance Measures
> Targets
> Alignment with Government's Strategic Plan
> Summary Financial Outlook
> Major Capital Project Information, where relevant
> Operating Segments Summary Information, where relevant

Although the National Library of Canada Cataloguing in Publication Data and the accountability statement are optional, CAS believes that their inclusion is consistent with good reporting practice. The accountability statement, in particular, affirms management's responsibility for managing and reporting on performance.

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 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 submit a copy of the document for publication. The Legislative Library will then register the document with the National Library of Canada and an ISSN will be issued. This information is generally located on the inside cover of a publication, usually before the Table of Contents. The publications will become part of the National Library of Canada Cataloguing in Publication (CIP) Data.[7]

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

5.0 LETTER FROM BOARD CHAIR TO MINISTER RESPONSIBLE

A Letter from the Board Chair to the Minister Responsible for the Crown agency is a new requirement for the 2004/05 - 2006/07 Service Plans. The intent of this letter is to communicate high-level information about the results and benefits of the Crown agency's service plan to the Minister and public. In essence, it is an executive summary of the service plan. The letter should be approximately one page in length and include a brief overview of the Crown agency, a high-level discussion of successes to date, and strategic issues that the organization faces in the future.

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

6.0 ACCOUNTABILITY STATEMENT (optional)

CAS strongly encourages Crown agencies to include an accountability statement that provides assurance to the reader of the relevance and reliability of the information contained in the service plan. An accountability statement may instil a deeper sense of confidence in the public with regards to what is being reported in the plan.

The accountability statement should be signed by the Board Chair on behalf of the Board of Directors because the Chair is accountable to liaise with the Shareholder and management on behalf of the Board. As the Board Chair represents the corporation in conjunction with the Chief Executive Officer, the signature of the Board Chair may be accompanied by the signature of the Chief Executive Officer. The accountability statement could 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
- An assurance statement regarding the relevance and reliability of the financial and performance based information included in the plan, as well as identified risks.

Example Accountability Statement

The 2004/05 - 2006/07 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 service 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   XX
Board Chair   CEO (optional)

7.0 TABLE OF CONTENTS

The Table of Contents identifies each of the key elements in the service plan, including reference to any elements, such as the letter from the Board Chair to the Minister Responsible and the accountability statement that may appear before the Table of Contents page.

8.0 MINIMUM CONTENT REQUIREMENTS

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

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

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

In addition, Section 19(3) of the BTAA states, the information contained in a service plan and annual 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 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 conduct a self-assessment of their service plan's consistency with these guidelines. This checklist identifies the minimum information requirements that the Select Standing Committee on Crown Corporations (SSCCC) outlines in Table 1 of their guidelines, entitled *A Guide to the Operations of the Select Standing Committee on Crown Corporations (April 28, 2003 Revision).*[8] The checklist also compares the SSCCC's key reporting principles identified in Table 2 of their April 2003 Guide to Operations with the recently proposed reporting principles for the B.C. public sector.

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[8] Agenda and Procedure Subcommittee. (June, 2002). <u>A Guide to the Operations of the Select Standing Committee on Crown Corporations</u>. Government of British Columbia.

9.0 OVERVIEW OF THE ORGANIZATION

CHECKLIST:

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

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

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

10.0 STRATEGIC CONTEXT

CHECKLIST:

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

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

10.1 Vision

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

Vision refers to a picture of the future with some implicit or explicit commentary on why the organization should strive to create that future. An effective vision statement conveys this picture in a concise statement that describes what an organization aspires to become over the next 3 to 5 to 10 years.[9] The vision statement answers the question "what is our possible and desired future state"? and describes how an organization wishes to be seen by its clients, customers and constituents. One analogy is to "imagine 5 to 10 years in the future and a person on the street is being interviewed by a news reporter. What would you like that person to say with regard to your organization, its services (products) and achievements (successes)?"[10]

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[9]Canadian Business Service Centre. Interactive Business Planner. Government of Canada. Hhttp://www.cbsc.org/ibp/main/sbc-text/vision.cfmH.

[10] Reid, W. Grant Thornton. (2000). Service Plan Workshop.

Criteria to consider in writing a vision statement include strategic focus and market place competitive advantage, adding value, building on current strengths, and embracing the organization's values.[11]

The vision statement should be written in a straightforward manner and avoid wordy phrases and bureaucratic language.[12] It should be clear, specific, simple, motivational, and realistic. See Module 2 for more information on how to develop a vision statement.

Example of a vision statement:

> *"Development of transit services, in partnership with each community, to provide essential mobility and travel choice for all residents, where costs to traffic congestion are reduced, air quality and associated health benefits enhanced, more compact and efficient urban development supported and costly new roadway construction deferred.*

BC Transit – Service Plan 2003/04 – 2005/06

10.2 Mission

The mission statement is a concise statement of an organization's reason for being. It addresses the basic question: "What is our Business?"[13] This includes a high-level description of an organization's purpose, people it serves, needs of the public that it meets, and key products or services provided to the public, and the intended results.

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

Example of a mission statement:

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

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

10.3 Values

The value statements express an organization's core values, which are used to guide all organizational activities. Value statements describe the business principles that the organization wants to express, as it works to move in the direction described in the goals. These business principles incorporate the ideals, ethics, or standards that guide the

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[11] Manning, M. (March 2000). Creating a Vision. SemiConductor Magazine. 1. (3).
[12] Treasury Board of Canada Secretariat. Good Practices for the Preparation of Departmental Performance Reports. Government of Canada. *H*http://www.tbs-sct.gc.ca/rma/dpr/99-00/guidance/GPGuide.html*H*.
[13] David, F. R. (1993). Concepts of Strategic Management, 4th Ed., New York: MacMillan Publishing Company.

organization's conduct and foster the culture of the organization.[14] Indeed, all proposed activities should be compared with values to ensure that the organization maintains its integrity and consistency. Values are often referred to as an organization's culture or philosophy.[15]

Example of a value statement:

"We are guided by our commitment to:
- *QUALITY in our products, services, and work life;*
- *ACCOUNTABILITY for our actions and results;*
- *SERVICE that is responsive and sensitive; and*
- *TEAMWORK in working together as one team and partnering with our clients.*

BC Assessment – Service Plan 2002/03 – 2005/06

10.4 Planning Context

The planning context provides an organization with information for its strategic planning and its formulation of organizational strategies. It identifies and examines internal and external factors and risks that can significantly influence the organization's mission, goals, objectives, and strategies and therefore, its ability to achieve them.[16]

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

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

Overall, the goal of the planning context is to help organizations strive to pursue strategies that maximize internal strengths and improve internal weaknesses.[17]

The planning context should address internal and external environmental factors that are specific to the planning period. One example of an issue that is specific to the planning period includes changes to an organization's mandate arising from the Core Services

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[14] Blackerby, P. (1999). How to Write a 'Plan-to-Plan'. City of Grande-Prairie. Hhttp://city.grande-prairie.ab.ca/citygov/bettergov/stratplan/blak_gp.htmH.

[15] Government of Alberta. (June, 1994). Measuring Performance in Government: A Discussion Paper. Government of Alberta. Hhttp://www.pao.gov.ab.ca/performance/measure/measure-perf-in-govt.htmH.

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

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

Review and any related strategic shifts being implemented over the planning period (see Module 3 for how to develop a planning context).

10.4.1 Risk Management in Planning Context

Risk management is a sound business practice, which enables organizations to manage risk effectively and incorporate risk awareness and treatment into the processes used to pursue organizational objectives.[18] The planning context should include a brief, high-level description of key risks that may affect the attainment of organizational performance targets. Description of key risks should also **relate results to risk and capacity** by reporting on results in the context of an organization's risk and its capacity to deliver on its programs, products and services. Capacity refers to the appropriate combination of authority, funding, people, and infrastructure (including assets, systems and processes) that will allow an organization to achieve its intended results over the long term.[19] More information on capacity can be found in the OAG's 1997 report entitled *Enhancing Accountability for Performance in the British Columbia Public Sector*.[20]

The specific activities that an organization intends to take to mitigate risks, which are highlighted in the planning context, are identified in the Goals, Objectives, and Key Strategies section of the service plan. The potential impacts of these risks should be set out in a risks and sensitivities table in the Summary Financial Outlook section of the service plan.

Self-Assessment Question:

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

10.4.2 One approach to Risk Management

One approach to risk management is to implement Enterprise-wide Risk Management (ERM). The goal of ERM is to create, protect, and enhance value to the Shareholder and the organization by managing the uncertainties that could either negatively or positively influence achievement of the organization's objectives. Historically, managing risk was done in silos rather than enterprise-wide. That is, organizations knew how to manage certain risks (i.e. financial, insurance, safety risk, etc.), but did not examine every risk and involve management in managing all of the risks. This fragmented approach may lead organizations to take huge risks in some areas while over-managing substantially smaller risks in other areas. ERM addresses the issue of fragmentation by supporting a coordinated and focused approach for managing all risks together.

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

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

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

Ministries are required to implement and reflect ERM practices in their 2004/05 - 2006/07 Service Plans. Crown agencies do not have the requirement to implement ERM in 2004/05 - 2006/07 Service Plans, however, incorporation of risk management strategies is supported by the Shareholder as a best practice. In addition, development of the planning context in service plans includes the identification of risks and the proposed reporting principle #4 suggests **relating results to risk and capacity**.

For more information please see Risk Management Branch's website (http://www.fin.gov.bc.ca/pt/rmb/index.shtml) or e-mail erm@gems8.gov.bc.ca.

10.5 Key Strategic Issues

One component of the planning context is the identification of the Crown agency's key strategic issues, which are the key trends and forces that impact the formulation and implementation of strategies. It is unreasonable for Crown agencies to track every piece of information that may directly or indirectly have some influence on its strategic planning process. Consequently, Crown agencies should identify what it is in its planning context that has the greatest potential significance to the organization and develop its key strategic issues accordingly.[21]

When organizations identify their key strategic issues, they should provide a high-level and brief explanation of each key strategic issue in the service plan. Identification of key strategic issues should be based on assessments of: recent actual performance, the anticipated external business environment, and the organization's strengths and weaknesses. These issues, as identified by the organization's management and its board of directors, should constitute the basis for formulation of organizational strategies for the planning period.[22]

Examples of key strategic issues include the need to improve labour productivity or profit margins, to divest non-core business operations, to improve the targeting of services, or to improve the management of information systems.[23]

11.0 GOALS, OBJECTIVES, AND KEY STRATEGIES

The Goals, Objectives and Key Strategies sections should clearly indicate the organization's intentions over the next three years (planning period) by describing the goals and objectives that the organization intends to achieve and with the strategies it will employ to meet those goals and mitigate risk.

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

[22] Treasury Board Canada Secretariat. Guidelines for the Preparation of Corporate Plans. Government of Canada. Hhttp://www.tbs-sct.gc.ca/pubs_pol/opepubs/TB_711/CPGU1-2E.htmlH.

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

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CHECKLIST:

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

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Overall, the audience should be able to understand and have confidence in the choices that the organization has made in reporting. The principle to **disclose the basis for key reporting judgements** supports this statement by identifying to the reader the basis on which information has been prepared and the limitations that should apply to its use. For example, where changes have occurred in the organization's goals, objectives, or performance measures, has this been made clear to the audience? Has the organization explained why these changes were made?

11.1 Goals and Objectives

Goals and objectives should be appropriate to the organization's vision and mission and should establish the organization's intended results for the planning period. Both goals and objectives should be measurable, concrete and tangible. In keeping with the government's focus on service, plans should include specific service-oriented goals and/or objectives.[24] Goals and objectives should be framed so that their achievement can be clearly assessed.

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11.1.1 Goals

Goals are broad general statements of what an organization is trying to accomplish. They are high level financial and non-financial/service end results/outcomes that must be realized by an organization (or line of business) in order to achieve its vision and mission. Goal statements are intended to be outcome oriented, succinct, realistic and achievable. In addition, goal statements must be measurable and stated in a way that clearly communicates the organization's intended outcomes.[25]

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

1. Goals should cascade down from and support the enabling legislation, mandate, vision, and mission. Therefore, by **linking goals and results**, the reader can discern a logical flow or an inter-related "chain of events" an organization follows, from its vision, mission and mandate, to its goals, objectives, and strategies, through to its performance monitoring and measuring, to its public reporting.

2. If goals are to be considered meaningful by people, they must have certain characteristics. For example, the goals should focus on significant areas of

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[24] Crown Agencies Secretariat. (August 2002). Service Plans Guidelines for Crown Agencies. Government of British Columbia.
[25] Ibid.

organizational needs and be expressed in a manner that is clear and operational.[26] Also, goals should be realistic and achievable in the context of the organization's role and resource constraints. Therefore, goals should **focus on the few, critical aspects of performance**.

3. Goal statements should not reiterate the organization's desired future state (its vision). Rather, goals should be concrete result/outcome statements that are realistically achievable by the organization. Goals must answer these questions: What outcome is sought by the goal? What strategic issues is addressed by the goal?, and What performance concept (result) in the goal is measurable?[27]

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

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

11.1.2 Objectives

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

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

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

11.2 Key Strategies

Once an organization knows where it is headed, the next step is to determine how to get there. Key strategies are specific activities that an organization will use to accomplish its goals and objectives.[28] They are the way that an organization intends to accomplish its

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

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

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

vision and goals; its approach, or "game plan". In other words, key strategies identify an implementation methodology that will lead to achieving one or more objectives.

A suggested methodology to develop key strategies is to first identify all of the alternative approaches, rate them according to criteria such as timeliness and projected allocation of resources necessary to achieve the goal and/or objective. Then a set of strategies should be selected that will best achieve the performance target specified in the goals and/or objectives.[29]

One example of a key strategy is what specific activities an organization intends to take to mitigate the key risks identified in the planning context.

12.0 PERFORMANCE MEASUREMENT, TARGETS, AND BENCHMARKS

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

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

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

Under the BTAA Section 16 (3), Crown agencies are required to report details of their actual results in the annual reports in comparison with the expected performance targets stated in the service plans. Crown agencies should keep in mind the need to report actual results in their annual reports in comparison with the expected results in their service plans.[30]

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

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[29] Blackerby, P. (1999). How to Write a 'Plan-to-Plan. City of Grande-Prairie. Hhttp://www.city.grande-prairie.ab.ca/citygov/bettergov/stratplan/blak_gp.htmH.

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

WHERE ARE WE NOW?	→	WHERE DO WE WANT TO BE?	→	HOW WILL WE GET THERE?	→	HOW WILL WE KNOW IF WE ARE SUCCESFUL?
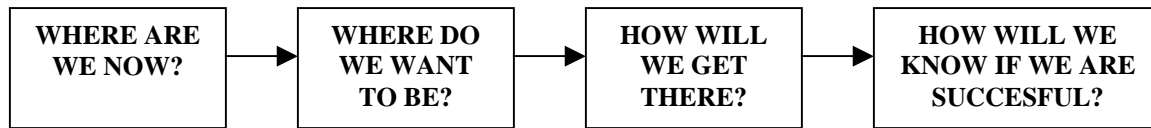
To help answer these questions, a management tool that can be used is a logic model. A logic model is a visual representation that can be created at the organization level, or at the business line/program level. Logic models describe the linkages between and amongst program resources, activities, outputs, and outcomes and will provide an organization with the information necessary to create appropriate measures. A detailed guide to creating logic models can be found in Module 5.

12.1 Performance Measures

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

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

Performance measures should focus primarily in the areas over which an organization has a *meaningful degree of control*. As much as possible, measures should be benchmarked with similar services provided in other jurisdictions, should track progress toward the achievement of specific goals and objectives, and should demonstrate a balance between financial and non-financial goals and objectives.[31] Organizations should **present credible information, fairly interpreted**, which means that the information you report is credible and it enables the user of the information to readily assess performance.

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[31] Crown Agencies Secretariat. (2002). Service Plan Guidelines for Crown Agencies. Government of British Columbia.

For accountability purposes, an organization's goals, objectives, and performance measures should be consistent from one planning period to the next. If it becomes necessary for changes to be made, explanatory information should be provided in the service plan containing the changes to ensure that the audience has a clear understanding of why the changes were made.[32]

Examples of performance outcome measures include: Percentage of customers and associated revenues retained, autoplan satisfaction, and return on equity on an annual basis. Module 7 provides further guidance on the creation of appropriate and useful measures.

Key Performance Measure Questions:

- *Do the measures focus on the critical things that matter?*
- *Where measures were 'to be developed' last year, are they now in place?*
- *Are the measures relevant and understandable?*
- *Are they reliable and verifiable (can the data be collected in a cost-effective manner)?*
- *Are they 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 reasonable accountable for the results?*

Table 2 demonstrates an example of how to report goals, objectives, strategies, measures, and targets.

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

GOAL			
OBJECTIVES			
1. 2. 3.			
STRATEGIES			
1. 2. 3.			
PERFORMANCE MEASURES	**TARGETS**		
	Baseline/Current Year (Benchmark)	**Year 1**	**Year 2**	**Year 3**
1. 2. 3.				

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

Targets may also be represented in a graph. The following example from ICBC's 2003-2005 Service Plan shows a brief description of the return on equity performance measure with a graph illustrating the associated targets.

Example of targets in a graph:

Return on Equity:
This is a standard financial measure that indicates the change in value to a shareholder for investing in an organization.

This measure enables ICBC to measure its progress towards becoming more competitive and moving towards industry financial standards. With this measure, the provincial government will be able to measure the financial return on its investment in ICBC.

	2001 Actual	2002 Outlook	2003 Target	2004 Target	2005 Target
Series1	-48.2%	12.3%	14.9%	10.4%	18.3%
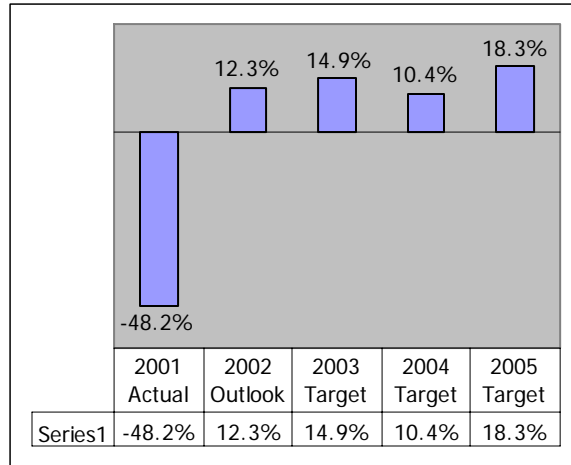
Source: ICBC Financial Systems

12.2 Targets

Targets express pre-set quantifiable performance levels to be attained at a future date. Targets define how an organization measures its success; they define the levels of performance that the organization is setting out to attain. If the targets are appropriate, an organization will be successful in meeting its goals and objectives. Setting targets generally requires establishing a baseline. The target will then specify a defined level of improvement from the baseline level. Establishing a specific level of improvement can be aided by referring to performance levels (e.g., benchmarks) within other similar public and/or private sector organizations locally and in other jurisdictions where comparable information is available.[33]

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

In other cases where the outcomes of programs/line of business are difficult to quantify or could be affected by external factors, it is suggested that organizations provide target ranges, trends, or milestones is these cases as well. This will provide the reader with an

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[33] Crown Agencies Secretariat. (2002). Service Plan Guidelines for Crown Agencies. Government of British Columbia.

indication of the direction that organization is moving in terms of progress and the associated measures and outcomes. Explanatory information will give the reader insight as to why a target was met, not met, or exceeded.

Like performance measures, an organization's targets should focus on the areas over which an organization *has some meaningful degree of control* and should be results-oriented. They should also track the progress of goals and objectives, and be benchmarked as much as possible with similar services provided in other jurisdictions. A more detailed discussion of targets, their uses, and attributes of good targets can be found in Module 8

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

- Consider past years' trends of output/outcome levels (baselines). These will provide an organization with the information for setting three year targets and provides the reader with information about the success of the organization;
- Targets and their baselines are logically sound, and they measure reliably what they are intended to measure. A well developed and agreed upon logic model (Module 5) will help ensure this; and
- Organizations should carefully consider the expected time frame for outcomes to be realized.[34]

The table below provides some examples of targets for organizations.

Table 4: Examples of targets[35]

Improved responsiveness to customers	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
Satisfied customers				
• Overall customer satisfaction ratings	70%	70%	75%	80%
• Rate of customer retention	90%	90%	95%	98%

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

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[34] Office of Government Commerce. Successful Delivery Toolkit: Setting Targets. Government of the United Kingdom. http://www.ogc.gov.uk/sdtoolkit/workbooks/performance/setting.html
[35] Crown Agencies Secretariat. (2002). Service Plan Guidelines for Crown Agencies. Government of British Columbia.

12.3 Benchmarking

Crown agencies 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.
Comparability refers to the ability to compare information about an organization's
performance, such as identifying internal and/or external benchmarks drawn from other
organizations, statutory regulation and/or non-statutory norms. Benchmarking is
important because it demonstrates to the shareholder and the public how an organization
is performing relative to comparable public and private sector organizations and
highlights areas that may require improvement.[36]

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

13.0 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
strategic plan. Crown agencies do not have to align its activities with all of the goals in
the government's strategic plan, only the relevant ones. The government's strategic plan
can be found on line at
(http://www.bcbudget.gov.bc.ca/StrategicPlan/Strategic_Plan_02.pdf).

14.0 SUMMARY FINANCIAL OUTLOOK

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

As a guide, a recommended template for the summary financial outlook for the 2004/05 –
2006/07 service plan is provided in Module 4. The template requires identification of the
organization's major sources of revenue and expenses, as well a brief description in bullet
format of the Key Assumptions and Forecast Risks and Sensitivities. Key Assumptions
should include a summary description of key assumptions underlying the summary
financial outlook. Forecast Risks and Sensitivities should be a summary description of

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[36] University of California, Office of the President, Partnership for Performance. (1997). Benchmarking and
the Hunt for best Practices: Measurement Handbook.
Hhttp://www.ucop.edu/ucophome/businit/hdbkcontents.htmlH

risks and sensitivities underlying the summary financial outlook, as well as a sensitivity analysis setting out the financial implication of key risks. A brief description should be provided for any extraordinary variances in the key assumptions and/or forecast risks and sensitivities between planning years.

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

15.0 MAJOR CAPITAL PROJECT INFORMATION (where relevant)

This section reflects statutory requirements pursuant to the BTAA that apply to 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.[37] In such cases, the service plan should identify the objectives, costs and benefits and associated risks for the project. Once the capital project has been completed and no further capital costs are anticipated, an organization is no longer required to include this information in their service plans.[38]

16.0 OPERATING SEGMENTS SUMMARY INFORMATION (where relevant)

For the purpose of these guidelines the recommendations of the Canadian Institute of Chartered Accountants (CICA) are being used with respect to disclosure of information about operating segments of an organization.[39] However, organizations may not wish to report on operating segments where the revenues, profits (or losses), or assets of the operating segments are less than $20 million. Smaller Crown agencies may capture the strategies, measure and targets related to their key segments in the overall plan.

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

- Understand the organization's service plan; and

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

[38] Crown Agencies Secretariat. (2002). Service Plan Guidelines for Crown Agencies. Government of British Columbia.

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

- Make more informed judgements about the organization as a whole

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

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

It may also be appropriate to include additional information related to the vision, mission, and values of an operating segment. This will be at management's discretion, depending on the relative contribution of the operating segment and of the degree of integration between the vision, mission and values of the operating segment and the organization as a whole.[40]

17.0 NON-DISCLOSURE OF SPECIFIC INFORMATION

A service plan should not contain information that the *Freedom of Information and Protection of Privacy Act* does not require to be disclosed of prohibits from being disclosed. This would include information that falls within the following categories[41]:

- Cabinet and local public body confidences;
- Policy advice, recommendations or draft regulations;
- Legal advice; and
- Information for which disclosure would be harmful include information on the following:

1. Law enforcement;
2. Intergovernmental relations or negotiations;
3. Financial or economic interests of a government organization;
4. Conservation of heritage sites, etc;
5. Individual or public safety;
6. Business interests of a third party; and
7. Personal privacy.

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.

If adherence to this section of the guidelines necessitates the exclusion of any key elements or information defined in the minimum content requirement section of these guidelines, the organization should, in its service plan, identify the information to be

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[40] Crown Agencies Secretariat. (2002). Service Plan Guidelines for Crown Agencies. Government of British Columbia.
[41] Categories as defined in the *Freedom of Information and Protection of Privacy Act*.

excluded and provide an explanation for its exclusion. The explanation should be detailed enough to enable the public to understand the rationale for exclusion. Notwithstanding the above, organizations should ensure that the service plan contains adequate information on each key element to enable the objectives of the BTAA to be met.[42]

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[42] Crown Agencies Secretariat. (2002). <u>Service Plan Guidelines for Crown Agencies</u>. Government of British Columbia.

FORMATTING OF SERVICE PLANS

18.0 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.

19.0 TIMELINES

In order to meet the scheduled February 17, 2004 publication deadline for Crown agencies in conjunction with the government's budget, the following is a schedule of key dates:

KEY DATES	
December 15	Draft service plans reviewed by CAS
January	Final service plans shared with Minister responsible
January 23	Final board-approved financials and forecasts to TBS
January 31	Final board-approved service plans e-mailed to CAS to be forwarded to Queens Printer
3rd Tuesday of February	Service plans tabled in the Legislature with budget
On-going	Review of service plans and annual reports by Select Standing Committee on Crown corporations

20.0 FORM AND LANGUAGE

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

21.0 APPROVAL AND PUBLICATION PROCESS

The BTAA stipulates that the service plans of ministries and Crown agencies must be made public[43] annually on the date that the provincial budget estimates are tabled in the Legislature (e.g., the third Tuesday of every February).

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[43] Make public is defined in the BTAA to mean:
a) either, as applicable,

Government Caucus Committees will review and provide input into ministry service plans only. For Crown agencies, the review and approval of the service plan must be done by the organization's board of directors by mid-January each year and have incorporated input as required from the Shareholder through Ministers responsible and CAS. The role of CAS is to provide assistance to Crown agencies in the development of their service plans and to review those plans for consistency with the guidelines. CAS may also consult with Treasury Board and Ministers responsible, if requested, on any of the financial or non-financial aspects of the service plans. To facilitate this process, Crown agencies should forward their final board-approved financials and forecasts to TBS by January 23rd and their final board-approved service plans to CAS no later than January 31st.

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

Crown agencies should be prepared to have their service plans reviewed by the Select Standing Committee on Crown Corporations (SSCCC). No later than two weeks before a scheduled meeting, Crown agencies are required to supply the Committee with their annual reports and service plans, including three-year budget forecasts.[44] Please see Appendix D for references to the SSCCC's report, minutes and Hansard, as well as CAS's Service Plan Guidelines, contact list, and other reports assessing service plans and annual reports.

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i) laying the document before the Legislative Assembly, if it is in session, and

ii) filing the document with the Clerk of the Legislative Assembly, if the Legislative Assembly is not in session, and

b) making the document available to the general public in a reasonable manner, which may include by electronic means.

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

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

INTRODUCTION TO THE INFORMATION MODULES

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

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

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

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

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

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

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

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

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

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

Module 9 - Baselines and Benchmarks. Module 9 discusses the concepts of baselines and benchmarks, as well as information that organizations can use to create each baselines and benchmarks.

MODULE 1 - Reporting Principles for British Columbia

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

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

B.C. Reporting Principles versus CCAF-FCVI Reporting Principles

The B.C. reporting principles were developed after a review of similar statements from other jurisdictions and, in particular, the public performance reporting project of the CCAF-FCVI. This is because the work of the CCAF-FCVI entailed extensive consultation with legislators, auditors and government managers over the last couple of years on principles for performance reporting. The B.C. reporting principles covers

essentially the same ground as those of the CCAF-FCVI, however, there are differences in the way some of the principles are expressed to reflect the governing legislation in B.C., as well as current reporting practices in B.C. In summary, the B.C. principles strengthened the link between concepts by combining principles, such as risk and capacity; increased the emphasis for information to be verifiable; and included a principle entitled "Explain the public purpose served".

Summary of B.C. Reporting Principles

In summary, these principles are:

- highly consistent with the national reporting principles of the CCAF-FCVI. Their report "*Guiding Principles for Public Performance Reporting - Detailed Report"* is available at http://www.ccaf-fcvi.com/ccaf_pprp/network_e.html;
- similar to the reporting principles and practices of other jurisdictions;
- consistent with general thinking in B.C., as found in:
  - o the *Budget Transparency and Accountability Act*;
  - o *Credibility, Transparency and Accountability*, report of the Budget Process Review Panel (the Enns Report);
  - o the accountability framework set out in the joint report of the Deputy Ministers' Council and the Auditor General of B.C., *Enhancing Accountability for Performance: A Framework and An Implementation Plan*, 1996;
  - o Assessment Guide contained in the report, *Building Better Reports – Public Performance Reporting Practices in British Columbia* (Auditor General of B.C., 2001/2002, Report 3); and
  - o Model for Effective Performance Management and Accountability (Office of the Comptroller General, B.C., Ministry of Finance, B.C.), February 2002;
- supported by criteria or self-assessment questions for each of the principles; and
- illustrated with examples of good reporting practices from B.C. and other jurisdictions.[45]

Self-Assessment Criteria and Examples

Included with the reporting principles are criteria. Structured as self-assessment questions, the criteria elaborate on each principle and serve as a guide to incorporating the principles in a plan or report. Examples are also provided to help organizations think about different ways to incorporate the principles in their reporting. These examples are not intended to serve as a template that all organizations should follow. In addition, some of the plans and reports listed as an example are significantly longer than recommended,

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

as they go beyond the principle of "focusing on the few critical aspects of performance". Nonetheless, they have been highlighted because the may stimulate thought as to how a particular reporting principle might be addressed. Naturally, these criteria and the supporting examples accompanying the B.C. reporting principles will need to be revisited as practice in public performance reporting improves in B.C. and elsewhere.[46]

Implementation of Public Performance Reporting Principles

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

It is recognized that certain principles will be more challenging to incorporate in the plans and reports than others. As a result, some organizations may take longer to build the processes and structures necessary to support good performance reporting. Clearly organizations will be at different stages toward fully incorporating the principles but, as they gain experience and as practice evolves, organizations should be able to demonstrate steady progress over time. The principles were devised to be adaptable to either a service plan or an annual service plan report. Ultimately, organizations will make the decision, based on guidance from the Treasury Board Secretariat and the Crown Agencies Secretariat and on their own best judgement; as to the degree of duplication and level of detail required in the service plan and annual service plan reports. Organizations should view the principles as a general guide for good public performance reporting.[47]

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

[47] Make public is defined in the BTAA to mean:
c)   either, as applicable,
    iii)   laying the document before the Legislative Assembly, if it is in session, and
    iv)   filing the document with the Clerk of the Legislative Assembly, if the Legislative Assembly is not in session, and
d)   making the document available to the general public in a reasonable manner, which may include by electronic means.
If the Legislative Assembly is not sitting at the applicable time, service plans should be filed with the Clerk of the Legislative Assembly.

BC's Eight Reporting Principles	
1. EXPLAIN THE PUBLIC PURPOSE SERVED	5. Link resources, strategies and results
2. Link goals and results	6. Provide comparative information
3. Focus on the few, critical aspects of performance	7. Present credible information, fairly interpreted
4. Relate results to risk and capacity	8. Disclose the basis for key reporting judgements

REPORTING PRINCIPLE	SELF-ASSESSMENT CRITERIA

1. Explain the Public Purpose Served
 	
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.
 	
It is not just the raison d'etre 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.
 	
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.
 	
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.
	Overall, have you explained the public interest served through your organization, and how it conducts its business?
	
	Have you adequately explained the organization's purpose, as derived from enabling legislation, and its mission?
	
	What are your core business areas and/or the principal markets you serve?
	
	Is it clear who you serve – the clients or stakeholders who rely on your programs, products and/or services?
	
	Have you provided an overview of the programs and services your organization delivers?
	
	Will the reader understand the governance structure of your organization – that is, its key reporting relationships, particularly those that are externally focused?
	
	In the case of subsidiaries, have you described how their mission is aligned with the mission of your organization?
	
	Have you explained how you deliver your programs, products or services through others? And how you ensure they deliver what you want?
	
	Is it clear that your organization is guided by public sector values in delivering its programs, products and services? E.g.:
	   ▪ in an ethical manner
	   ▪ with fair access to business
	   ▪ without personal benefit
	   ▪ in accordance with professional conduct
	
	Have you explained any other factors that are critical to understanding your performance?

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	5. Link resources, strategies and results
2. LINK GOALS AND RESULTS	6. Provide comparative information
3. Focus on the few, critical aspects of performance	7. Present credible information, fairly interpreted
4. Relate results to risk and capacity	8. Disclose the basis for key reporting judgements

REPORTING PRINCIPLE	SELF-ASSESSMENT CRITERIA

2. LINK GOALS AND RESULTS
 	
Public performance reporting should identify and explain the organization's goals, objectives and strategies and how the results relate to them.
 	
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.
 	
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.
	Overall, will the reader understand:
	▪ **what your organization intends to achieve?**
	▪ **what it actually achieved? and**
	▪ **the impact your results will have on your future direction?**
	
	Will readers understand the logical framework – the "chain of events" – that links your plan and report?
	
	Are your goals and objectives well-defined and supportive of your vision and purpose?
	
	Are there clear links between your goals/objectives (i.e. your plan) and your results (i.e. your report)?
	
	Is your assessment of intended and actual results based on good short and long-term performance measures?
	
	Have you explained how short term achievements affect long term goals?
	
	Have you explained any differences between actual versus planned results? And what your organization intends to do about it?
	
	Do your measures and targets reflect the range of issues that:
	    concern the public and legislators? E.g. outcomes as well as outputs, and quality and efficiency measures.
	    are relevant to the organization's goals and objectives?
	
	If your organization relies on alternative delivery systems (such as contractors or public/private partnerships), have you described the performance of the overall system?
	
	Are the outcomes you're seeking reasonable – that is, is there a plausible link between your actions and your intended outcomes?

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, we have 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	5. Link resources, strategies and results
2. Link goals and results	6. Provide comparative information
3. FOCUS ON THE FEW, CRITICAL ASPECTS OF PERFORMANCE	7. Present credible information, fairly interpreted
4. Relate results to risk and capacity	8. Disclose the basis for key reporting judgements

3. Focus on the Few, Critical Aspects of Performance	**Overall, have you presented a clear, concise and balanced picture of your 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:	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?
▪ 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;	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?
▪ aspects of performance that the government judges as critical to the organization's success; and	Are your key results (financial and non-financial) clear and readily apparent?
▪ what is vital to the organization as reflected in its goals, objectives and intended versus actual results.	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.

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BC's Eight Reporting Principles	
1. Explain the public purpose served	5. Link resources, strategies and results
2. Link goals and results	6. Provide comparative information
3. Focus on the few, critical aspects of performance	7. Present credible information, fairly interpreted
4. RELATE RESULTS TO RISK AND CAPACITY	8. Disclose the basis for key reporting judgements

REPORTING PRINCIPLE	SELF-ASSESSMENT CRITERIA
4. Relate Results to Risk and Capacity **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.** **Risk** is "the chance of something happening that will have an impact upon objectives. It is measured in terms of consequences and likelihood."[48] Risk management is an integral facet of all business processes. **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".[49] 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: ▪ Leadership and Direction ▪ People ▪ Tangible Assets ▪ Resources ▪ Reputation Capacity building is typically the response to an organization's risk assessment. Reporting would identify: ▪ 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 What is appropriate will depend on the public purpose to be served by the organization and the resources available to it.	**Overall, do you report whether your organization has sufficient capacity to meet its objectives in the future and manage its risks?** 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? In what respect were your results affected by your: ▪ risk management? ▪ current capacity? ▪ the capacity of others (such as partners or the private sector)? Have you identified the critical areas where you will need to build your capacity in order to succeed over the long term? Does your organization have the necessary funds, infrastructure and people in place to meet your objectives? Does your plan concisely explain the major risks confronting your organization – in the short term and over the long term? Have you briefly described what is acceptable to your organization in terms of its tolerance for risk? * Have you summarized your strategies for prioritizing and dealing with the risks you face? 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? Did you summarize the impact of your strategies and actions in managing risks or capitalizing on your opportunities?

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[48] Risk Management Standard AS/NZS 4360:1999
[49] *Measuring Human Resource Capability*, Occasional Paper #13, State Services Commission, Wellington, New Zealand, August 1999, p. 8.

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	**5. LINK RESOURCES, STRATEGIES AND RESULTS**
2. Link goals and results	6. Provide comparative information
3. Focus on the few, critical aspects of performance	7. Present credible information, fairly interpreted
4. Relate results to risk and capacity	8. Disclose the basis for key reporting judgements

REPORTING PRINCIPLE	SELF-ASSESSMENT CRITERIA

5. Link Resources, Strategies and Results
 	
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.
 	
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.
	Overall, is it clear how your funding has influenced your:
	▪ **goals, objectives and strategies; and**
	▪ **actual results?**
	
	Is the nature of your funding clear? Have you explained what key activities account for your major funding?
	
	Can the reader make meaningful judgements about your funding decisions? Have you explained your planned and actual costs in terms of your:
	   ▪ core business areas (for example, by program, products or services);
	   ▪ key goals, objectives and strategies; and
	   ▪ results achieved?
	
	Does the reader understand how your current funding compares to past and forecasted funding?
	
	Have you explained the key service planning and delivery assumptions that drive your financial plan?
	
	Have you provided the reader with trend information about your planned and actual expenditures?
	
	Where there are variances, have you explained what happened and why, and what adjustments the organization will be making?
	
	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?
	
	Are your decisions surrounding the organization's strategies explained within the context of available funding?
	
	Is it clear how the level of funding or any changes affected the results you were seeking?
	
	Have you included information about major capital plans?
	
	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?

Examples to Consider:

Ministry of Forests Performance Plan 2001/02 - 2003/04
http://www.for.gov.bc.ca/pab/publctns/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.

<table>
<tr><td colspan="2" align="center">**BC's Eight Reporting Principles**</td></tr>
<tr>
<td>
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
</td>
<td>
5.   Link resources, strategies and results

6.   PROVIDE COMPARATIVE INFORMATION

7.   Present credible information, fairly interpreted

8.   Disclose the basis for key reporting judgements
</td>
</tr>
<tr><td align="center">**REPORTING PRINCIPLE**</td><td align="center">**SELF-ASSESSMENT CRITERIA**</td></tr>
<tr>
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6. PROVIDE COMPARATIVE INFORMATION

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.

Comparability refers to the ability to compare information about an organization's performance with:
- relevant baseline information drawn from previous periods and/or
- internal/external benchmarks drawn from other organizations, statutory regulation and/or non-statutory norms

Comparative information puts the organization's performance in context, allowing a reader to judge:
- whether an organization's performance is improving, deteriorating or remaining unchanged; and
- whether targets are ambitious, mediocre or attainable.

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.

</td>
<td>

Overall, does the reader understand:
- **whether your performance is improving, deteriorating or remaining static, and why?**
- **what your expectations are for the future?**

Are there clear comparisons in form and content between your:
- plan and your report?
- plans and previous results?

Have you provided sufficient information for the reader to judge your performance relative to:
- your past performance?
- the performance of others in your sector or industry?
- sector or industry standards, benchmarks or best practices?

Have you explained any year over year data inconsistencies that impact the reader's understanding of the organization's performance?

Have you included multi-year trend data, for your funding, outputs and outcomes, including to the extent possible, forecasting information?

Have you provided relevant economic, social or demographic information to put results into context?

</td>
</tr>
</table>

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 UnitedStates 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.

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
7. Present Credible Information, Fairly Interpreted **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.** The information presented should strike a balance among the following attributes: **Consistency** – means measuring and presenting information consistently from one period to the next, and clearly explaining any breaks in the consistency of reported information. **Fairness** – means the information is honestly reported and is neutral or free from bias, with checks and balances against subjectivity. **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. **Reliable** – means the information is, in all significant respects, *complete* or free from significant omissions. Reliable also means the information is reasonably *accurate* or free from material error. "Reasonably accurate" refers to the cost-benefit of producing reliable information. **Verifiable** - means the information can be reproduced or traced and independently verified. **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. **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.	**Overall, is the information you report credible (i.e. has integrity) and does it enable the user to readily assess performance?** Have you been complete in your reporting, covering all key aspects of performance? Are your performance measures relevant? Are they measuring what they purport to measure? Are you consistent in your reporting of performance measures from one year to the next? If not, have you explained why not? Are your measures generally accepted as reasonable measures? Are they widely used within your sector or industry? Is the data you report accurate? Is the content of your plan and report written in a precise and readily understandable manner? Have you reported both successes and shortcomings in a neutral manner? Is the information you report accurate? Has the source of the data been identified? Can the information be traced to a reliable source? Can the information be replicated or reconstructed, if necessary, from supporting documentation? Are the conclusions you state in your report fair and sound?

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.mser.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.

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
8. Disclose the Basis for Key Reporting Judgements **Public performance reporting should disclose the basis on which information has been prepared and the limitations that should apply to its use.** In particular, public performance reports should explain: ▪ 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.	**Overall, will the reader:** ▪ **understand the choices you've made in reporting? and** ▪ **have confidence in what you report?** Will the reader understand the basis on which the few, critical things that matter have been determined? 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? On what basis are you confident that the data you report is relevant and reliable? On what basis are you confident that your interpretation of the data is reasonable? Have you explained the rationale for choosing the performance measures and targets you have? Have you identified the source and reporting date of your data, and any limitations in its use? Where your information is incomplete, have you: ▪ provided baseline data instead; or ▪ indicated when the information will be available? Has the information been corroborated to other sources to ensure its validity? 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.)

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 – Vision and Mission Statements

This module describes why it is important to have a clear and concise vision and mission statement, as well as suggested approaches to developing these statements. The module concludes with characteristics of an effective vision statement.

The vision statement describes the organization's desired future state. In contrast, the mission statement describes the purpose of the organization and how it does business. Both of these statements should be clear and concise for the following reasons:

1. To ensure unanimity of purpose within the organization;
2. To provide a basis, or standard, for allocating organizational resources;
3. To establish a general tone or organizational culture;
4. To serve as a focal point for individuals to identify with the organization's purpose and direction;
5. To facilitate the translation of objectives into a work structure involving the assignment of tasks;
6. To identify responsible elements within the organization; and,
7. To specify organizational purposes and the translation of the purposes into objectives in such a way that cost, time, and performance parameters can be assessed and controlled.[50]

An organization that cannot translate its vision into terms that can be understood and acted upon may encounter fundamental disagreement about how to translate the vision and mission statements into actions. The consequence of this disagreement is fragmentation of efforts. This is because when the vision statement lacks consensus and clarity, different groups may pursue different agendas, according to their own interpretations of vision.[51]

The Process of Developing a Vision and Mission Statement

The process of developing a vision and mission statement for a Crown agency should begin with the enabling legislation and mandate, as these strongly influence the current business and future direction of the organization. Development of a vision and/or mission statement should remain within the scope of this legislation, as well as the organization's potential capabilities.

 Development of a good vision statement may be challenging, as it should reflect an organization's present actions while representing the desired future. The vision statement

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[50] King, W. R. and D. I. Cleland. (1979). Strategy Planning and Policy. New York: Van Nostrand Reinhold.
[51] Kaplan, R. S., and Norton, D. P. (1996). The Balanced Scorecard: Translating Strategy into Action. Harvard Business School Press.

should also factor in existing competencies while identifying what's missing and how to overcome any limitations.[52] A vision is not something overly specific in nature. The vision is a short thoughtful statement about what one would like to accomplish in the upcoming year without it becoming a goal itself.[53] The vision statement may be accompanied by an explanatory paragraph.

One approach to develop a vision statement is to seek answers to the following questions:

1) What kind of organization do you want to become?
2) What reputation would you have?
3) What contribution would you make?
4) Would your products and services expand?
5) Would your customer/ client base change?
6) How would your people work together?
7) What values would you embody?[54]

Another approach to develop either a vision or a mission statement is to provide senior management with articles about mission statements and ask them to personally prepare a vision and/or mission statement for the organization. A facilitator may then merge the drafted statements into a revised draft, which may be used as the starting point of further discussion. It is useful to seek the views of a range of stakeholders when defining how success will be recognized. Their views may differ from those developing a program and this variation may highlight important issues or unanticipated outcomes. The greater the participation in the process of developing a vision and/or mission, the greater the implementation of future changes based on the vision and/or mission. This participation includes employees, management and senior administration.[55]

Characteristics of an Effective Vision Statement

Once the vision statement has been identified, it should incorporate one or more of the following characteristics of an effective vision:

1. Imaginable: Conveys a picture of what the future will look like.
2. Desirable: Appeals to the long-term interests of employees, customers/clients, stakeholders, and others who have a stake in the organization.
3. Feasible: Comprises realistic, attainable goals.
4. Focused: Is clear enough to provide guidance in decision making.
5. Flexible: Is general enough to allow individual initiative and alternative responses in light of changing conditions.

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[52] Manning, M. (March 2000). Creating a Vision. SemiConductor Magazine. 1 (3).

[53] Skipsky, H. (August 2002). Fail to plan, plan to fail: A look at a yearly operating business plan. Journal of Leisure Property. London. 2 (3).

[54] Manning, M. (March 2000). Creating a Vision. Semiconductor Magazine. 1 (3).

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

6. Communicable: Is easy to communicate, can be successfully explained within five minutes". [56]

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[56] Kotter, J. (1996). Leading Change. Harvard Business School Press: USA.

MODULE 3 - Development of the Planning Context

This module provides a more detailed explanation on how to develop the planning context. This explanation includes a list of possible factors and variables that may be included in a scan of the external environment, as well as a suggested approach to examining an organization's internal environment.

Module 3 presents a practical framework for gathering, assimilating, and analysing external and internal information, which makes up the planning context. The purpose of defining the planning context is not to develop an exhaustive list of every possible factor that could influence the Crown agency, but rather, it is aimed at identifying key variables that offer actionable responses. Crown agencies should be able to respond to the factors by formulating strategies that take advantage of internal and external opportunities or that minimizes the impact of potential threats.

One approach to developing the planning context is to include as many stakeholders, as possible, such as managers and staff. This is because involvement in the strategic planning process can lead to understanding and commitment from organizational members. Individuals appreciate having the opportunity to contribute ideas and to gain a better understanding of their organization's industry, competitors, and markets.[57] Once it has been determined who will collect the information on the organization's internal and external environment, ask the individuals to monitor various sources of information for changes and trends. Examples of sources from which to gather strategic information includes online databases, corporate, university, public libraries, suppliers, distributors, clients, and competitors. Once the information is gathered, individuals can submit periodic scanning reports to the manager or a committee of managers that are responsible for developing the planning context. Managers should assimilate and evaluate the information in order to identify the threats and opportunities that exist in the organization's environment. A key advantage to this approach is to provide a continuous stream of timely strategic information, which includes many individuals in the development of the planning context.[58]

External Environment

To facilitate the identification of the key factors in the external environment, it may be helpful to group an organization's external forces into five broad categories.[59] Due to the

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

[58] King, W. R. and Cleland, D. I.. (1979). Strategy Planning and Policy. New York: Van Nostrand Reinhold.

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

diverse nature of the lines of business/ programs in Crown agencies, it is emphasized that each Crown agency should focus on the areas that are specific to their activities.[60]

The five broad categories of the external environment are:

1) Economic forces;
2) Social, cultural, demographic, and environmental forces;
3) Technological forces;
4) Competitive forces; and
5) Political, legal, and governmental forces.[61]

The following provides some examples and variables of each of the five categories, on which to group the external environment:

1) Economic forces: Economic factors have a direct impact on the potential attractiveness of various strategies, such as interest rates, value of the dollar and government budget deficits. The following table of key economic variables identifies other economic forces that may affect an organization's internal and external environment.[62]

Key economic variables to be monitored	
Shift to a service economy	Demand shifts for different categories of goods and services
Import/ export factors	Income differences by region and consumer groups
Availability of credit	Price fluctuations
Level of disposable income	Monetary policies
Propensity of people to spend	Fiscal policies
Interest rates	Tax rates
Inflation rates	Consumption patterns
Economies of scale	Unemployment trends
Money market rates	Worker productivity levels
Government budget deficits	Value of the dollar in world markets
Gross national product trend	Stock market trends

2) Social, cultural, demographic, and environmental forces: Social, cultural, demographic, and environmental changes have a major impact upon virtually all products, services, markets, and customers. Social, cultural, demographic, and environmental trends are shaping the way people live, work, produce and consume.

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[60] King, W. R. and Cleland, D. I. (1979). Strategy Planning and Policy. New York: Van Nostrand Reinhold.
[61] King, W. R. and Cleland, D. I. (1979). Strategy Planning and Policy. New York: Van Nostrand Reinhold.
[62] David, F. R. (1993). Concepts of Strategic Management. 4th Ed., New York: MacMillan Publishing Company.

New trends are creating a different type of consumer and consequently a need for different products, different services, and different strategies.[63]

Key social, cultural, demographic, and environmental variables	
Childbearing rates	Government regulation
Number of special interest groups	Attitudes toward retirement
Number of marriages	Attitudes toward leisure time
Number of divorces	Attitudes toward product quality
Number of deaths	Attitudes toward customer service
Immigration and emigration rates	Pollution control
Social security programs	Energy conservation
Life expectancy rates	Social programs
Per capita income	Social responsibility
Location of retailing, manufacturing, and service business	Attitudes toward careers
Attitudes toward business	Population changes
Traffic congestion	Population changes by city, province, country
Inner-city environments	Number of women and minority workers
Average disposable income	Number of high school and college graduates
Value placed on leisure time	Recycling
Trust in government	Waste management
Attitudes toward government	Air pollution
Attitudes toward work	Water pollution
Buying habits	Ozone depletion
Ethical concerns	Endangered species
Attitudes toward saving	Average level of education

3) Technological forces: Advances in computer technology, telecommunications, data access, storage devices, fax machines, on-line data bases, graphics, and software are just a few of the technological forces that may affect an organization's environment. These forces may change the very nature of opportunities and threats by altering life cycles of products, increasing the speed of distribution, creating new products and services, and erasing limitations of traditional geographical markets.[64]

4) Competitive forces: Some Crown agencies may need to identify rival organizations and to determine their strengths, weaknesses, capabilities, opportunities, threats, objectives and strategies. Collecting and evaluating information on competitors is not always easy, some useful sources of data include: Moody's Manuals, Standard Corporation Descriptions, Value Line Investment Surveys, Ward's Business

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[63] Ibid.
[64] David, F. R. (1993). Concepts of Strategic Management. 4th Ed., New York: MacMillan Publishing Company.

Directory, Stand and Poor's Industry Surveys, Industry Week, Forbes, Fortune, Business Week. The following is a list of questions that an organization may consider when assessing its competitors:[65]

Key questions about competitors
What are the major competitors strengths?
What are the major competitors weaknesses?
What are the major competitors objectives and strategies?
How will the major competitors most likely respond to current economic, social, cultural, demographic, geographic, political, governmental, technological, and competitive trends affecting our industry?
How vulnerable are the major competitors to our alternative organizational strategies?
How are our products or services positioned relative to major competitors?
To what extend are new firms entering and old firms leaving the industry?
How have the sales and profit rankings of major competitors in the industry changed over recent years? Why have these rankings changed that way?
What is the nature of supplier and distributor relationships in this industry?
To what extend could substitute products or services be a threat to competitors in this industry?

5) Political, governmental, and legal forces: Local, provincial and federal governments are major regulators, deregulators, subsidizers, employers, and customers of organizations. Political, governmental, and legal factors can therefore represent key opportunities or threats to any organization. Also, changes in tax rates, paternal rights, data protection, health and safety, and environmental policy are just a few government policies that can affect organizations significantly. The following identifies some important political, government and legal variables.[66]

Important political, government and legal variables	
Government regulations or deregulations	Import-export regulations
Changes in tax laws	Government fiscal and monetary policy changes
Special tariffs	Special local, provincial and federal laws
Political action committees	Lobbying activities
Voter participation rates	Size of government budgets
Environment protection laws	World oil, currency and labour markets
Level of government subsidies	Local, provincial and federal elections
Changes in paternal rights	Changes in data protection
Changes in health and safety	

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[65] Ibid.
[66] Ibid.

Internal Environment

The most common approach to assessing an organization's internal environment is to undertake a SWOT analysis, which is an assessment of the organization's strengths, weaknesses, opportunities and threats. A suggested approach is to undertake a SWOT analysis that builds on the results of the external environment analysis. The purpose of this approach is twofold; the first is to identify strengths and weaknesses in order to maintain strengths and correct weaknesses. The second purpose is to identify opportunities and threats resulting from external factors.

Strengths and weaknesses need to identify in all aspects of organizational activities,

- relative to the rest of the market
- relative to previous performance or expected performance
- relative to customer demand
- relative to the key external forces identified in the external environment analysis[67]

Examples of areas to include in a SWOT analysis include: employee skills, staff turnover rate, employee costs, cost of capital, economies of scale, costs, customer or client base (quality, size, loyalty, etc.), services provided, distribution capabilities and costs, and image and reputation.[68]

Combined Analyses

The final stage of the planning context is to combine the external environment analysis with the internal environment analysis to look at the complete picture of the opportunities and threats that face the organization. This will enable senior management to design strategies that take advantage of opportunities and mitigate threats.

The first step is to identify and rank the critical factors identified in the internal and external analysis. This will enable an organization to prioritize the critical factors in its environment and determine which ones have the greatest impact to its success. This process should be undertaken on a regular basis, as these critical success factors can vary over time and by industry.[69] It is suggested that the final list of the most important critical success factors be communicated and distributed widely in the organization.[70] Communicating this list to staff may help build a common platform, on which individuals can contribute their ideas and develop a deeper understanding of the organization's industry, competitors, and markets. The second step is to identify the key strategic issues from the list of critical factors and formulate organizational strategies accordingly.

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[67] Aware Marketing Intelligence for Business Growth. Marketing Intelligence Resources. Hhttp://www.marketing-intelligence.co.uk/aware/resources/mi-help.htmH.

[68] Capital Management Branch. (May, 1998). Capital Development Guidelines. 3.2 Business Planning. Victorian Government, Australia.

[69] King, W. R. and Cleland, D. I. (1979). Strategy Planning and Policy. New York: Van Nostrand Reinhold

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

MODULE 4 –Summary Financial Outlook

This module provides the recommended template on which organizations may reflect their financial outlook, as well as how to identify their key assumptions and forecast risks and sensitivities.

The following is the recommended template for the Summary Financial Outlook in the 2004/05 – 2006/07 Service Plan.[71]

($m)	2003/04 (latest forecast)	2004/05 (budget)	2005/06 (forecast)	2006/07 (forecast)
Total Revenue				
[insert major sources of revenue]				
Total Expenses				
[insert major sources of expenses]				
Operating Income (loss)				
Net income (loss)				

Key Assumption	Forecast Risks and Sensitivities
[Insert a list and summary description in bullet format of key assumptions underlying the summary financial outlook]	[Insert a list and summary description in bullet format of risks and sensitivities underlying the summary financial outlook, the sensitivity analysis should set out the financial implication of key risks.]

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[71] Crown Agencies Secretariat. (August 2002). <u>Service Plan Guidelines for Crown Agencies.</u> Government of British Columbia.

MODULE 5 – Logic Model and Balanced Scorecard

This module outlines what logic models are, why they are useful, and how to create one. An example of a logic model can be found at the end of the module, as well as a short discussion and example of the Balanced Scorecard, a planning tool commonly used by organizations.

With the passing of the amended *Budget Transparency and Accountability Act* in 2001, Crown agencies in B.C. are legislated to provide accountability information in the three-year service plans to their stakeholders and the public. This accountability information requires that organizations demonstrate the effectiveness and efficiency of their business lines and programs. As a management tool, logic models can be used to tell the story of the organization's business, at the organizational level, the business line level, and at the program level. A logic model shows what an organization, business line, or program is doing, with what or whom, and why.

What is a logic model?

Generally, a logic model, through visual representation, presents a causal model of how an organization or a specific business line or program will progress under identified conditions. Therefore, logic models write the story of the organization's objectives, outputs, and outcomes. With directional arrows to demonstrate clearly the *causal* relationships between elements, logic models provide the information of how the organization, business line, or program is supposed to work in order to achieve the intended results.[72] The elements of the logic model are:

- Components (specific elements of the line of business/program)
- Implementation objectives (activities/resources)
- Outputs (measure of activity)
- Short, intermediate, and long term outcomes (results)

Component	Implementation objective	Outputs	Short-term outcomes	Medium-term outcomes	Long-term outcomes
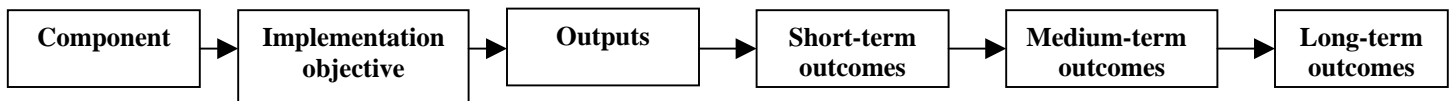
Organizations should remember that logic models can be created to write the story at the organization-wide level, as well as at the program level..

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[72] Kirkpatrick, S. (2001). The Program Logic Model: What, Why, and How? http://www.charityvillage.com/charityvillage/research/rstrat3.html

Who creates logic models?

The creation of logic models should include, as much as possible, the relevant stakeholders. This might include managers, staff, evaluators, and representatives from the target group, and anyone else who might have knowledge or input to add to the business line/program being modelled. A group process, rather than an individual process, is recommended to promote the best use of knowledge and achieve relevant feedback, as well as ensure commitment and staff buy-in. Staff groups provide a valuable validation mechanism to ensure that the business line/program being modelled is accurate and feasible.

Benefits of using logic models in the planning process include:

- Building a common understanding of the line of business/program and the expectations for resources, customers reached, and results. Logic models are ideal for sharing ideas, identifying assumptions, team building, and communication;
- Identifying projects which are critical to goal attainment, redundant, or need to be modified;
- Communicating the place of a strategy in the organization or goal hierarchy, particularly those that occur at various organizational levels;
- Enhancing buy-in among stakeholders
- Identifying a balanced set of key performance measurement points;
- Increasing stakeholder understanding of goals, objectives, and strategies;
- Demonstrating how different elements of the program (activities, resources, outputs, outcomes) are linked;
- Helping to integrate business planning and evaluation through the identification of objectives and measures;
- Assisting in identifying unintended outcomes and consequences of the business line/program being modelled; and
- Clarifying the causal assumptions and rationale upon which the business line/program being modelled is based.[73]

Logic models address attribution issues

Logic models will help to answer the question "how will the organization know that the outcomes have been achieved?" They do this by identifying the key outputs and outcomes and thus provide a guide for identifying performance measures. Logic models will also decrease uncertainty and increase knowledge when dealing with attribution issues between outputs and outcomes and therefore the measurement plan can be based on the logic model(s) developed for the organization. Stakeholders and the organization should agree on the definition of success for the business line/program and how it will be

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[73] McLaughlin, J. A., and Jordan, G. B. Logic Models: A Tool for Telling Your Program's Performance Story. http://www.pmn.net/education/Logic.htm

measured. Organizations should use logic models with a level of detail that matches the detail needed in the measurement.[74]

How is a logic model created?

The following eight steps are suggested for creating logic models:

1. Put together a workgroup of approximately 6-10 relevant stakeholders (e.g., managers and staff);
2. Decide on the business line/program to be outlined in the logic model;
3. Collect all the relevant information and documentation concerning business line/program being modelled. This may include, but is not limited to, reports, planning documents, literature, and interviews with internal and external stakeholders;
4. Define the line of business/program: its context (e.g., internal/external influences), corresponding goals and objectives, resource allocation, and the problem(s) it is attempting to address (if applicable);
5. Put together the initial elements of the logic model (components, implementation objectives, and outputs). To map the relationship of one element to the next, the working group should constantly ask itself "How do we get here?" as well as using "if, then" statements to clarify the causal links. The working group should also constantly verify the accuracy and completeness of the information being used with the relevant stakeholders.
6. Outline the short, intermediate, and long-term outcomes of the business line/program being modelled. 'Directional' language is useful when forming outcomes (e.g., increase, decrease, expand, reduction in). Be specific, measurable, and realistic;
7. Verify the causality between elements. Consider the audience. It is suggested that non-recursive (one-way) causal links are appropriate, as they are easier to understand sequentially; and
8. After verification, adjust and modify as needed.[75]

There is not definitive approach to creating logic models. What may work for one organization may not for another. This module provides a suggested approach. Remember: Logic models are not static and can be changed as context and circumstances change (e.g., resource allocation).

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[74] Mayne, J. (2001). Addressing Attribution Through Contribution Analysis: Using Performance Measures Sensibly. Canadian Evaluation Society. 16 (1).
[75] Kirkpatrick, S. The Program Logic Model: What, Why, and How?
http://www.charityvillage.com/charityvillage/research/rstrat3.html

An example is outlined below[76]

COMPONENTS (Activities/ Resources)	IMPLEMENTATION OBJECTIVES (What needs to happen to result in outputs)	OUTPUTS (Quantifiable work produced from activities)	SHORT-TERM OUTCOMES (To increase, decrease etc.)	INTERMEDIATE OUTCOMES	LONG-TERM OUTCOMES
Investment Program	Review investment proposals & carry out due diligence on candidates	- # of investment proposal files -# Contractual agreements	- Diversified sources of revenue - Net returns on investments made	Improved and more stable economic climate	Sustainable, resilient and well-performing communities through increased access to capital & opportunities
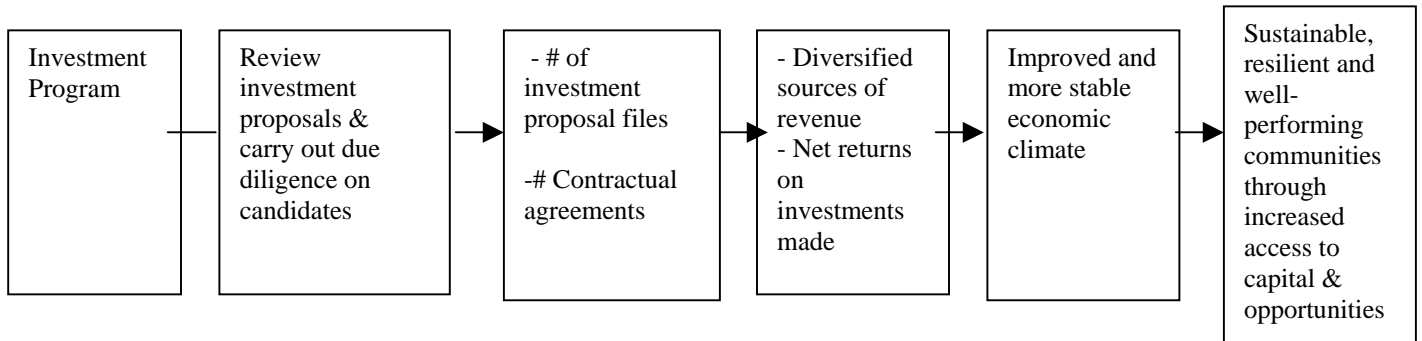
ENVIRONMENTAL INFLUENCES/CONTEXT (e.g., Reduced budget, economic downturn)

NOTE: Logic models can contain more than one output and more than one each of short, medium, and long term outcomes, depending on the complexity of the business line/program being modelled. It is advised, however, that outcomes link from specific to broad in nature, as can be seen from the above example.

Logic models and evaluation

Logic models may also be used in conjunction with evaluation methods as a resource for evaluating the performance story. As a segment of evaluation, it is suggested that the following questions be asked:

- Was each element proposed in the logic model in place, at the level expected for the time period? Are outputs and outcomes observed at expected performance levels?
- Did the causal relationships proposed in the logic model occur as planned? Is reasonable progress being made along the logical path to the outcomes? Were there unintended benefits or costs?
- Are there any rival hypotheses that could explain the outcome/result? If so, these need to be identified.
- Did the line of business/program reach the expected customers and are the customers reached satisfied with the program services and products?[77]
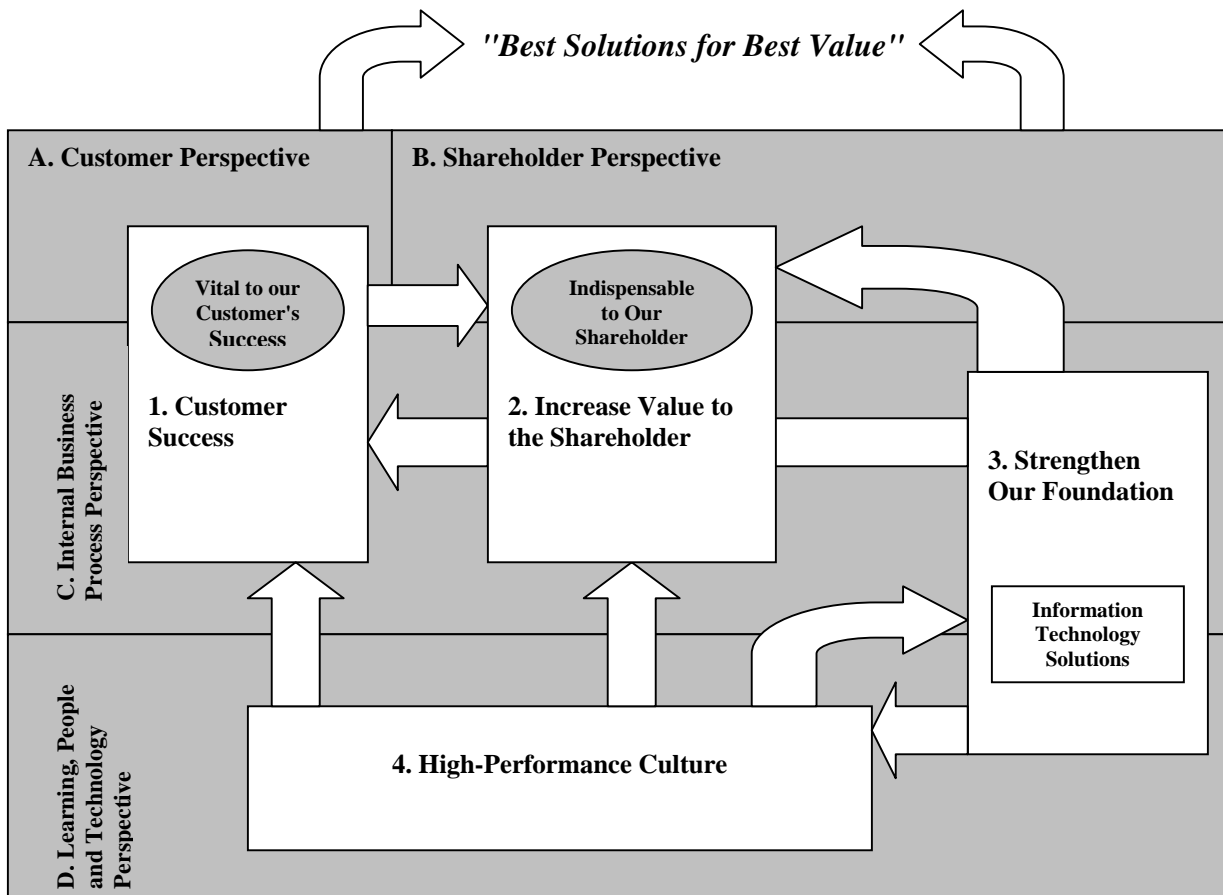
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[76] Adapted from High-Level Corporate Logic Model: Investment Program, Columbia Basin Trust. Copyright Grant Thornton.

[77] McLaughlin, J. A., and Jordan, G. B. Logic Models: A Tool for Telling Your Program's Performance Story. http://www.pmn.net/education/Logic.htm
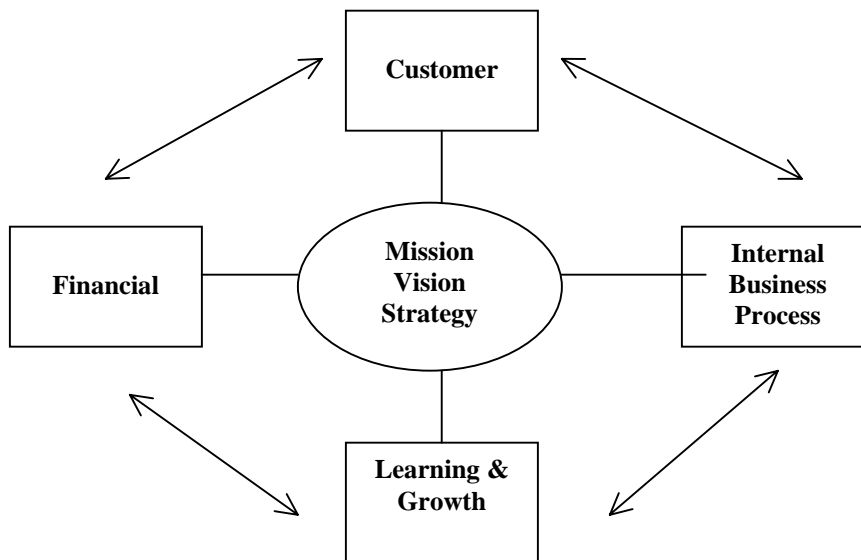
The Balanced Scorecard

Many organizations use the Balanced Scorecard in a modified or adapted form as a tool for integrating strategic planning and performance management by focusing on the long-term objectives of the organization as a whole. The strategy map of the Balanced Scorecard can be used to create an organization level logic model to identify goals, objectives, strategies, and their corresponding performance measures required for the organization to achieve strategic success.

The strategy map of the Balanced Scorecard is a visual representation of an organization's strategy and the processes and systems necessary to implement that strategy. The strategy map is used to develop the Balanced Scorecard. An example of a strategy map taken from the British Columbia Buildings Corporation Service/Strategic Plan 2003/04 - 2005/06 is seen below:

"Best Solutions for Best Value"

A. Customer Perspective

B. Shareholder Perspective

Vital to our Customer's Success

Indispensable to Our Shareholder

C. Internal Business Process Perspective

1. Customer Success

2. Increase Value to the Shareholder

3. Strengthen Our Foundation

Information Technology Solutions

D. Learning, People and Technology Perspective

4. High-Performance Culture

A Balanced Scorecard is a tool that translates an organization's mission and strategy, as represented in the strategy map, into a comprehensive set of performance measures and targets. This then provides the framework for the organization's strategic measurement and management system. The Balanced Scorecard concept is built upon the premise that what is measured is what motivates organizational stakeholders to act. Ultimately all of the organization's activities, resources, and initiatives should be aligned to the strategy. The Balanced Scorecard achieves this goal by explicitly defining the cause and effect relationships between objectives, measures, and initiatives across the following four perspectives:

1. *Customer.* This perspective focuses on the organization's ability and responsibility to provide its programs and services, as well as customer service and satisfaction;
2. *Internal Business Processes.* This perspective focuses on the internal management activities required to achieve strategic objectives. Internal Business Processes are the mechanisms through which performance expectations and targets are achieved;
3. *Learning and Growth.* This perspective focuses on employee ability and the effect of organizational alignment in supporting the achievement of organizational goals; and
4. *Financial.* This perspective focuses on cost efficiency (the ability to deliver maximum value to the customer) and/or long-range targets for financial objectives.[78]

However, the Balanced Scorecard has evolved since it was first introduced in 1992 as a tool for measuring organizational performance. It was originally proposed to overcome the limitations of managing only with financial measures. In 2000, the Balanced Scorecard was refined to move beyond a performance measurement system to become the organization framework for a strategic management system. In effect, the Balanced Scorecard becomes the operating system for a new strategic management process.

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[78] Kaplan, R. and Norton, D. (1996). *The Balanced Scorecard.* Mcgraw-Hill Ryerson Ltd.
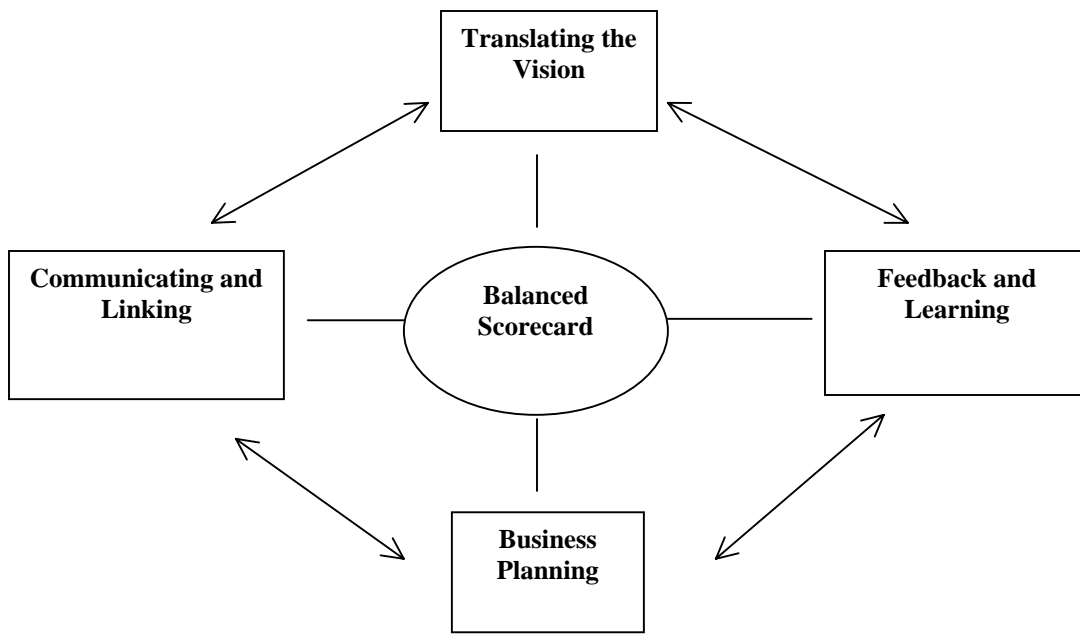
Norton and Kaplan suggest that Strategic-Focused Organizations organize a "strategy map" framework of cause and effect between its strategic objectives, operationalize these objectives with measures which, considered as a group, comprise a Balanced Scorecard, and use the Balanced Scorecard to place strategy at the center of their management processes. The authors suggest that organizations use the following five guiding principles when using the Balanced Scorecard as a framework for a strategic management system:

1. *Translate the Strategy to Operational Terms*: Strategy maps, Balanced Scorecards
2. *Align the Organization to the Strategy*: Corporate role, business unit synergies, and shared service synergies.
3. *Make Strategy Everyone's Everyday Job*: Strategic awareness, personal scorecards, and balanced paychecks.
4. *Make a Strategy a Continual Process*: Link budgets and strategies, analytics and information systems, and strategic learning.
5. *Mobilize Change through Executive Leadership*: Mobilization, governance process, and strategic management system. [79]

For further information on strategy mapping, Balanced Scorecards, and the five guiding principles can be located at http://www.bscol.com.

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[79] Kaplan, R.S. and Norton, D.P. (2000). The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment. Harvard Business School Press: Boston, Massachusetts.

MODULE 6 – Performance Measurement

This module discusses the concept of performance measurement. Although most organizations will be familiar with performance measurement, this module addresses common limitations and useful information for addressing them. The module also addresses the difference between outputs and outcomes, as well as provides guidance for measuring 'soft' outcomes. Examples are provided at the end of the module.

What is performance measurement?

Performance measurement is a systematic collection, analysis, and reporting of information that tracks resources used, outputs produced, and intended results achieved. It is essential that an organization know how it is presently doing to develop goals, objectives, and strategies designed to meet the aims of the organization. Performance measurement addresses these issues by providing the necessary information for tracking performance and using the information to guide for the future.

Why performance measurement?

The purpose of performance measurement is to provide regular, valid, useful, and user-friendly information on measures of performance results. Performance measurement is also useful for measuring efficiency and cost effectiveness and can provide internal and external accountability mechanisms.[80] Performance measurement can tell a Crown agency where it is, where it wants to be, and how it will get there. This information also provides the organization with lessons learned so that it can improve its business line/program. A useful performance measurement system can aid in the decision-making process, make comparisons, and provide strategic information for the future.

To sum up, performance measurement for Crown agencies has four useful purposes:

- Keep Crown agencies accountable for results internally, to public officials, and to the public;
- Aid in the strategic planning process;
- Improve services to the public by motivating employees; and
- Increase the public trust in Crown agencies.[81]

Who is involved?

For performance measurement to be successful and useful, Crown agencies need to involve managers and staff in the development of measures and ensure that these key people understand how performance measurement information will be used.

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[80] Hatry, H. (1999). Performance Measurement: Getting Results. Urban Institute Press.
[81] Ibid.

Limitations of Performance Measurement

As with any process or evaluation system, however, performance measurement also has its limitations. Organizations need to be aware of these limitations so that they can be identified and addressed in the early stages of the performance measurement cycle. Some common limitations and their corresponding suggested recommendations are as follows:

1. Limitation: Performance measurement is an excellent tool for telling organizations *what* occurred and to provide information on outcomes. However, performance measurement does not necessarily tell an organization *why* an outcome has occurred. In other words, performance measurement does not clearly outline how the program being measured produced the measured results.
    Recommendation: As performance measurement really only explains *what* and not *why*, it is strongly recommended that organizations provide sufficient explanatory information for the reader to fill in these gaps. For example, an expected outcome of a program may not have been achieved (or was achieved, but at a lower level). Without explanatory information, readers will only understand that the actual achieved was lower than the target, whereas the results *plus* explanatory information will help the reader understand the discrepancy.[82]

2. Limitation: Certain outcomes are difficult to measure directly. A common example of this is any case where the organization is attempting to measure prevention.
    Recommendation: It may be necessary for the organization to use alternative measures, such as surveys, or measures that reflect trends over time in the number of incidents that were *not* prevented.

3. Limitation: Performance measurement information should be seen as one aspect of the information managers and government organization officials need in order to make decisions. Performance measurement does not replace the need for financial data judgements.
    Recommendation: Performance measurement is intended to be used as an aid to decision making and often raises more questions than it answers. This is deliberate and performance information should be used in conjunction with financial information, common sense, and good management.

4. Limitation: Performance measurement can be seen as administratively cumbersome.
    Recommendation: It is important to focus on the few, critical aspects of performance measures that relate to the organization's goals, objectives, and strategies. More is not necessarily better.

5. Limitation: Performance measurement can be seen as a personal attack on managers if performance measurement indicates that certain programs are ineffective, not cost-effective, or if lines of accountability change too quickly**.** As a result, measures and targets are sometimes vague and general in nature.

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[82] Ibid.

Recommendation: Lines of accountability need to be clear and consistent. In addition, accountability needs to be linked and balanced with authority. If a manager is accountable for performance, they also must have the authority to make the necessary changes and/or adjustments.[83]
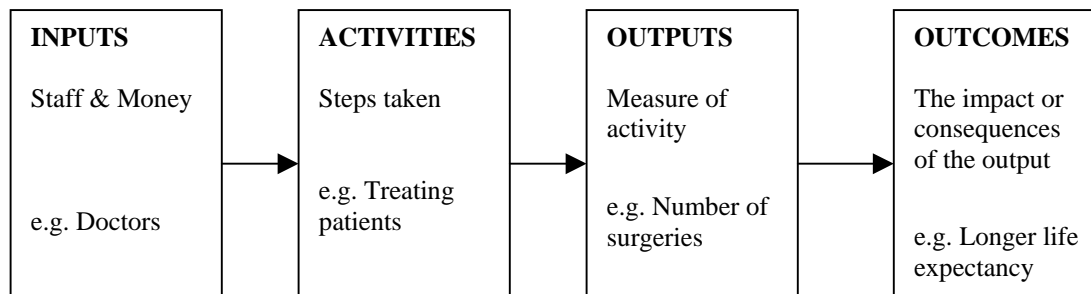
A well-planned logic model (Module 5) will help to increase knowledge and decrease uncertainty when addressing the linkages between outputs and outcomes.[84] Logic models are able to predict what realistic form the outcomes might take given the status of the program and/or line of business, in addition to the current level of resources.

Important to Note:

- *What gets measured, gets done;*
- *If you don't measure results, you can' t tell success from failure;*
- *If you can't see success, you can't reward it;*
- *If you can't reward success, you are probably rewarding failure;*
- *If you can't recognize failure, you can't correct it.[85]*

Outputs vs. Outcomes

Outputs are typically measures of activity or the use of money, whereas outcomes are typically results that indicate intended objectives. Outputs are generally easily quantifiable, such as numbers or percentages. Outcomes are generally the *expected results* of the outputs.

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES
Staff & Money	Steps taken	Measure of activity	The impact or consequences of the output
e.g. Doctors	e.g. Treating patients	e.g. Number of surgeries	e.g. Longer life expectancy

A Note on Measuring 'Soft' Outcomes

There is no simple answer to the dilemma organizations face when attempting to measure those outcomes that are not easily quantifiable. These guidelines suggest one approach to creating measures in challenging circumstances. Organizations will find that certain outcomes (results) are inherently vague in nature and are not easily measurable. To

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[83]Auditor General of British Columbia and Deputy Minister's Council. (1996). Enhancing Accountability for Performance: A Framework and Implementation Plan. A second joint report.

[84] Mayne, J. (2000). Addressing Attribution Through Contribution Analysis: Using Performance Measures Wisely. Canadian Journal of Evaluation. 16 (1).

[85] Osborne, D, and Gaebler, T. (1992). Reinventing Government. New York: Addison-Wesley Publishing Company.

address these concerns, it is important in these cases to have clear goals, objectives, and strategies. In cases where the outcomes are not clear (e.g., dependent on the flow of the stock market) nor predictable, organizations should focus on the part of the organizational story that they *can tell*, whether this be through measuring trends and/or milestones.

A logic model (Module 5) is a valuable tool to ensure that these elements are clearly defined. A well thought out and agreed upon logic model or planning tool (e.g., Norton and Kaplan's Balanced Scorecard[86]) will aid the organization by telling its story with clearly defined goals, objectives, and strategies. In addition, by using explanatory information and providing context, the reader will understand the direction the organization is moving and the focus that it is using to drive its direction. This focus is integral for being able to identify what the organization *can* measure and explain those situations as best as possible where outcomes are difficult to predict and measure.

Examples of measuring challenging outcomes are outlined below.

Outcome	Measure
• Enhanced Provincial Competitiveness through the containment of Cost of Service Increases	• Timely, clear and well reasoned Commission Decisions *(BC Utilities Commission)*
• Greater public support and trust	• Public recognition for social responsibility • Public support of gaming *(BC Lotteries)*
• Good environmental and social performance by progressively managing priority environmental and social issues	• Conservation (gigawatt hours) *(BC Hydro)*

Remember: It is better to be complete and therefore approximately right than focused and elegant and precisely wrong.

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[86] For more information, please refer to: Kaplan, Robert S. and David P. Norton. (1996). The Balanced Scorecard: Translating Strategy into Action. Harvard Business School Press: Boston.

MODULE 7 – Performance Measures

This module is designed to enhance the section on performance measures in the Service Plan Guidelines. What follows is a list of attributes performance measures should adhere to, as well information on how to use performance measures effectively. Examples are provided at the end of the section.

Performance measures should meet criteria that test their relevance and suitability. This will ensure that the measures are useful for the organization in terms of internal planning and external understanding. Performance measures should be:

- Able to withstand public scrutiny. Measures should be able to withstand public scrutiny by key stakeholders and the public. Clearly defined measures can be defended from various perspectives. Therefore, measures and targets must be based on reliable data; if any issues exist around the reliability of the data, they must be addressed;
- Clear, accurate, and consistent. Performance measures should be clearly defined and accurate to ensure that the employees responsible for gathering data know precisely what to do. Consistency should guide information gathering for measures, which can be more important than accuracy;
- Cost-effective. Creating measures should be cost-effective. That is, organizations should garner information to create measures from previously collected data. If this is not possible, an organization should try to identify measures that do not create immense measurement challenges;
- Clear interpretation. Measures should provide pertinent and vital information about performance of the organization through clear interpretation. An organization needs to ask itself "if a measure changes, is the corresponding objective being or not being achieved?";
- Appropriate and relevant. Measures should be appropriate and relevant (demonstrate the organization's performance) and relate to other measures in terms of the organization's overall performance;
- Outcome focused. Measures should focus on outcomes, that is, they should measure the *expected results* of the strategy.
- Flexible. Measures should not be static. Measures should be modified or eliminated if they do not meet the criteria or are no longer relevant. Measures should exist in the context of goals, objectives, strategies, and targets. Organizations should, however, provide explanatory information if any changes are made or the given measure is eliminated;
- Easily understandable. Measures should be clear and easily understandable so that the reader is able do see how the performance is being assessed. Again, explanatory information should be provided when technical measures are used;

- Time-sensitive. Measures should be done in time for planning and decision-making; and
- Balanced. Measures should be complete and balanced so that the reader is provided with all the necessary information. Organizations should remember that different users will require differing amounts of information (e.g., program managers and the public).[87] [88]

Using Performance Measures Effectively

- *Performance measures on their own are best when used in planning and monitoring activities. It is not advised to use performance measures for evaluation;*
- *Performance measures are more appropriate for some activities than for others. In the Limitations section in Module 6, it was noted that prevention is difficult to measure. Again, organizations must take care when measuring opposite trends to provide insight as to the particular prevention measure. It may be more appropriate to find another way to gauge the outcome, such as customer satisfaction surveys;*
- *Ensure that measurements are at the appropriate level. Again, logic models are extremely useful tools for identifying what forms of outcomes may be realistic given the circumstances and context of the line of business/ program;*
- *Test measures in advance; and*
- *Involve all staff, managers, and other stakeholders in developing, reviewing, and modifying measures. This will encourage consistency, ownership, and accuracy in measurement and relevancy of the measures.[89]*

Examples of performance measures:

• Environmental Regulatory Compliance (incidents)	*(BC Hydro)*
• Percentage of Basin residents informed about Columbia Basin Trust (CBT) and provided feedback to CBT.	*(Columbia Basin Trust)*
• Business tools available to PBC and its clients	*(Partnerships BC)*

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[87] Auditor General of British Columbia and the Deputy Ministers' Council. (1996). Enhancing Accountability for Performance: A Framework and Implementation Plan. A Second Joint Report.

[88] University of California, Office of the President, Partnership for Performance. (1997). Measurement Handbook. Hhttp://www.ucop.edu/ucophome/businit/hdbkcontents.htmlH .

[89] Perrin. B. (Fall 1998). Effective Use and Misuse of Performance Measurement. American Journal of Program Evaluation. 19 (3). [Online] EBSCO Publishing.

MODULE 8 - Targets

This module summarizes what targets are and the purposes they serve. In addition, information for setting targets and attributes of good targets is provided. Examples are provided at the end of the module.

Targets determine what level of performance is needed to achieve goals and objectives. They express the aims of the line of business/program. It is essential to set goals, objectives, and targets, as these can provide a basis for the organization to decide what to measure and which activities to embark upon. Targets help to answer the question "where do we want to be?".

Targets can serve a number of purposes:

- Achieving a set level of output (number of inquiries addressed);
- Achieving a set level of quality (number of complaints below a set level);
- Realizing long-term outcomes (improved shareholder value, services etc).[90]

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

Setting Targets

Setting targets is an important process for each organization. It is important that targets focus on what the organization has control over, whether it be the overall program performance or the factors which lead to outcomes. In addition, as with performance measures, targets should be reported in context, so that the reader can understand the level of performance. Baselines and explanatory information will inform the reader about the level of performance. Again, it is suggested that organizations provide a baseline (e.g., the previous year's performance) plus three consecutive targets – one for each year in the service plan reporting period.

Setting the right targets is just as important as selecting the right measures. It is crucial that targets are realistic (not a 'wish list') but at the same time challenging and ambitious for the organization to achieve. This should be balanced with the forecasted resources and/or capacity of the organization.

Definitions of terms used to describe targets should be clear and agreed upon. This is especially true in situations where targets are difficult to quantify. Using terms such as

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[90] Office of Government Commerce, UK. Successful Delivery Toolkit: Setting Targets. http://www.ogc.gov.uk/sdtoolkit/workbooks/performance/setting.html

'satisfaction' and 'milestones' need to be operationalized precisely so as to avoid a range of interpretations.

Attributes of good targets are very similar to those of performance measures. These include:

- *Specific.* Clear, unambiguous and easy to understand by those who are required to achieve them;
- *Measurable.* There is no point setting a target for which success cannot be gauged by referring to a specific measure or measures;
- *Achievable.* Expressing specific aims that the organization feels can realistically be achieved, with some effort: 'out of reach, but not out of sight'. Unrealistic targets will not be able to withstand public scrutiny;
- *Relevant.* To those who will be required to meet them; they must have enough control over their work to be able to meet their targets, or their motivation will suffer; and
- *Timed.* There should be a set time scale for achieving a target; open-ended targets may not encourage focused effort on improving performance.[91]

Examples of targets:

	2002/03	2003/04	2004/05
• Net income ($ millions) *(BC Hydro)*	243	182	179
• % of employees participating in program *(Columbia Basin Trust)*	50	60	80

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[91] Ibid.

MODULE 9 – Baselines and Benchmarking

This module discusses what baseline and benchmarks are. In addition, the module suggests a process for creating benchmarks. Examples of both can be found at the end of the module.

Baselines

A baseline is a 'snapshot' in time of the program or process that is to be benchmarked. A baseline provides an official standard on which subsequent work is to be based. Creating baselines has a number of advantages:

- A baseline provides a stable point from which to gauge changes within a line of business/program and provides evidence as to the organization's commitment to its outcomes;
- A baseline provides a stable point from where new lines of business/programs can be created and reproduced; and
- Baselines can be used as a way to reproduce reported failings in a line of business/program to specify where the problem occurred.

Creating a baseline includes measuring the effectiveness of the process, the attitude of the customers, the satisfaction of the customers, and the profitability for the stakeholders. An organization may also want to define the project boundaries and the lifetime of the project. Baselines should have the following elements:

- The level of aggregation (e.g., program, department);
- The history and projection of future trends;
- Whether the baseline is static or dynamic (that is, whether the baseline is meant to reflect trends or will be adjusted over time);
- If necessary, the interval between updates and revisions; and
- The inclusion of sufficient information to identify, and make fully transparent, all assumptions made or external factors that may affect the baseline (*contextual* factors).[92]

Example of a baseline:

	2002/03 Baseline	**2003/04**	**2004/05**	**2005/06**
Website visitors per month	3000	3300	3600	4000

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[92] Rational Software Corporation and Ecole Polytechnique de Montreal. Concepts: Baselines. http://www.yoopeedoo.com/upedu/process/gcncpt/co_basel.htm

Benchmarks

A performance benchmark is a standard or reference point against which something is measured. Benchmarking plays a critical role in the performance measurement process. It focuses on process improvement and allows an organization to set improvement goals that exceed the best as have been measured quantitatively. This will allow an organization to assess strengths and weaknesses and stimulate thought as to innovative ideas and approaches.[93]

Like performance measurement, benchmarking is an ongoing and systematic process that compares the performance of one line of business/program with another line of business/program. Unlike performance measurement, however, benchmarking focuses on *past performance*, identifies and evaluates excellence and innovation, and establishes a reference point, or baseline, from which an organization can compare itself internally or to others.

Internal benchmarking is when an organization explores and analyzes internal practices (within different departments) in order to understand current levels of performance and to identify best internal practices that can be replicated. In other words, it is the comparison of the same activity between different parts of the same organization. External benchmarking is when an organization compares and analyzes the practices and processes of similar peer organizations (or competitors) with its own performance.

> *Integrating benchmarking practices into established management practices is effective for future monitoring. Organizations should consider the following questions when reviewing their benchmarking practices.*
>
> - *Is benchmarking integrated into the organization's improvement strategies?*
> - *Is benchmarking considered a strategic activity by management?*
> - *If an organization cannot benchmark itself against a similar organization, can it at least benchmark itself against similar aspects of other organizations?*
> - *Has the organization embedded benchmarking skills within the organizational culture?*

The Benchmarking Process

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

1. **Identify the benchmarking need.** Identify the program, process, service, etc. to be benchmarked. This should be done through prioritisation, with the area with the most need (e.g., low satisfaction and high need).

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[93] Ontario Health Promotion E-Bulletin. <u>Benchmarking as a Tool for Public Health and Health Promotion</u>. http:…/FullFeature.cfm?ID=223&keywords=program%20logic%20model&searcharea=AL

2. **Measure.** An organization needs to measure the performance level of the program, service etc. to be benchmarked, document the process, and anlayze the data. Consulting relevant literature and creating logic models (**Module 5**) will aid in this process.
3. **Benchmarking partners.** Identify and select appropriate benchmarking partners. It is best if the organization selected is one that offers similar services, programs, etc. and is willing to share information. Understanding that organizations find it difficult to identify benchmarking partners, it may be satisfactory to identify *aspects* of an organization that can be benchmarked, such as human resource plans.
4. **Access data and conduct the benchmarking study.** The organization should access the required data and use it to compare its baseline to the benchmarking partner's performance. The organization can then identify the gaps between the levels of performance and determine if the practices are suitable and relevant for replication. If suitability has been identified, the organization can then set targets from the identified benchmarking practice.
5. **Action plan.** This is when an organization can create and implement an action plan to make any required changes to the services, programs, etc. and identify best practices. An organization may want to use these best practices to identify a few core principles and adapt these into strategies etc. The organization may also want to continue ongoing collection of benchmarking data.
6. **Monitor, review, and modify.** An organization should do this on a routine basis to verify that benchmarking goals identified were met. This routine review cycle will help to identify how well the organization is doing and will allow the organization to modify under performing areas.[94]

> *Tips for Effective Benchmarking*
>
> - *Train people in the process of benchmarking, the specific approach the organization is using, and the analytical tools required to analyze and present the data;*
> - *Make sure that confidential or sensitive information is not at risk;*
> - *Co-ordinate benchmarking with other parts of the organization so as to avoid overlap or duplication of effort;*
> - *Share benchmarking results widely within the organization to avoid overlap or duplication of effort; and*
> - *Document all benchmarking results in detail so that processes can be improved and lessons learned along the way are not lost.[95]*

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[94] University of California, Office of the President, Partnership for Performance. (1997). Benchmarking and the Hunt for best Practices. Measurement Handbook.
Hhttp://www.ucop.edu/ucophome/businit/hdbkcontents.htmlH
[95] Ibid

Examples of benchmarks:

• A composite of Canadian Electricity Association utilities organized on a regional/provincial basis *(BC Hydro)*
• Industry standards • Comparison against past performance *(BCBC)*

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 *Budget Transparency and Accountability Act* (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[96]: 1. that engages in business activities from which it may earn

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[96] This definition is consistent with the recommendations of Canadian Institute of Chartered Accountants for public reporting.

	revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same organization); 2. for which discrete financial information is available; and 3. revenues, profits (or losses), or assets are ten percent or more of the organization's total revenue, profits (or losses) or assets.
Outcome	Benefits resulting from the line of business/program activities and outputs.
Outcome Measure	Measuring the intended physical, societal, or client results, consequences, or changes in conditions, behaviours, or attitudes that indicate progress in achieving a program's or organization's mission and goals. Outcomes may be immediate, ultimate, or somewhere in between.
Output	The direct products of lines of business/program activities and usually are measured in quantifiable terms as the volume of work accomplished.
Output Measure	A measure of the level of service provided by a line of business/program (e.g., what and how much came out of the line of business/program or service). The measurable unit can be a number, percentage, or ratio.
Performance Benchmark	A standard or reference point against which something is measured.
Performance Measure	A performance measure (sometimes referred to as an indicator) can be used to measure/indicate the degree of success an organization has in achieving its goals and objectives. When a measure has specific numeric value attached to one aspect of the performance under consideration, it is then typically referred to as a performance indicator. Performance measures used in service plans must be consistent with the budget documents.
Performance Measurement	Quantitative and qualitative measures of results which include outputs and outcomes.
Planning Context	The planning context provides an organization with information for critical thinking about and deciding its future course of action. It identifies and provides an assessment of the organization's internal and external strengths, capacities and weaknesses, challenges, risks, assumptions, and opportunities. The planning context identifies and examines internal and external factors in the environment that can influence the mission, goals, objectives, and strategies of the organization and can positively or negatively affect its ability to accomplish them. Risk assessment should address briefly both upside and downside risks, the possibilities of exceeding, meeting, or failing to meet the organization's objectives, spending, and revenue plans and their consequences.
Planning Period	A minimum of three fiscal years commencing with the fiscal year for which the provincial budget estimates is presented and at least the following two years.
Program	A set of activities with clearly defined dedicated resources and common measurable objectives that are coherent and consistent.
Result	A consequence, issue, or outcome of an action or series of action. Often used synonymously with 'outcome' and/or 'output'.

Risk	The chance of something happening that will have an impact upon objectives. It is measured in terms of consequences and likelihood.
Risk Management	The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.
Service Plan	A plan that reflects that organization's strategic direction and is made public in compliance with the BTAA.
Strategic Context	The strategic context of a service plan provides high-level information that describes: Where is an organization now? What are the critical internal and external influences? Where is an organization going? It usually includes and organization's vision, mission, values, and its planning context.
Strategic Plan	The high-level, government-wide corporate document that outlines the government's vision, mission, values, and key priorities for the medium to long term.
Strategies	Succinct, high level statements, which outline the actions that describe how objectives are to be achieved.
Targets	The level of performance that the organization is setting out to attain. The targets used in service plans must be consistent with the budget documents.
Values	The value statement expresses an organization's core values or fundamental beliefs. Values define the organization's management style, organizational values, and code of conduct for personal and organizational behaviour.
Vision	A clear, concise, and compelling picture of an organization's preferred future; where the organization is going, and what will the province be like if the organization's goals are achieved. The vision must be sufficiently desirable and challenging to motivate and inspire the organization's employees and influence decision-making.

APPENDIX B - Service Plan Checklist

The Service Plan Checklist identifies the minimum information requirements that the Select Standing Committee on Crown Corporations (SSCCC) outlines in Table 1 of their guidelines, entitled *A Guide to the Operations of the Select Standing Committee on Crown Corporations (April 28, 2003 Revision).* The checklist also includes a comparison of the reporting principles for the B.C. public sector with the key reporting principles that the SSCCC identifies in Table 2 of their April 2003 Guide to Operations. CAS views that the SSCCC's key reporting principles are consistent with the reporting principles for the B.C. public sector. With the exception of the Committee's question 11, it appears that the questions are generally covered by the BC Reporting Principles. CAS has surmised that question 11 relates back to the Table 1 checklist and the Service Plan Guidelines requirement for Crown agencies to demonstrate the alignment of their Service Plans and Reports with Government's Strategic Plan and priorities.

Minimum Information Requirements (BTAA requirements for government organizations and)	BC Reporting Principles (Govt/OAG/Crowns)	SSC on Crown Corporations' Key Reporting Principles (Questions in Table 2 in April 2003 Guide to Operations)
Organization Overview • Letter from Board Chair to Minister Responsible • Description of primary business activities • Enabling legislation • Location • Subsidiaries	**1. Explain the Public Purpose Served** (why the organization exists and how it conducts its business)	1. Does the plan adequately explain the organization's mandate, core products and services, operating environment and major challenges?
Strategic Context • Vision • Mission • Values • Planning context • Key strategic issues • Key risks	**2. Link Goals and Results** (explain goals, objectives and strategies and how results relate to them)	2. Does the plan focus on aspects of performance that are critical to the organization achieving its goals, objectives and intended results? 3. Are the goals and objectives well defined and consistent with and supportive of the achievement of the mandate? 5. Are the intended results clear, measurable, concrete and consistent with goals or objectives?
Strategic Shifts Strategic shift4s since Core Review	**3. Focus on the few, critical aspects of performance** (emphasis on outcomes of interest to external stakeholders)	2. Does the plan focus on aspects of performance that are critical to the organization achieving its goals, objectives and intended results?

Performance Information • Goals • Objectives • Key strategies • Performance measures • Targets • Benchmarks	**4. Relate results to risk and capacity** (what are risks and organizations capacity to deliver its programs and services)	
Government's Strategic Plan • Alignment with government's strategic priorities	**5. Link resources, strategies and results** (use financial and performance information to show how resources and strategies influence results)	4. Is the intended level of performance for the planning period specified? 6. Has the plan demonstrated satisfactorily that intended results represent a reasonable/ appropriate level of achievement given: • Historical performance, • Resources available to the organization, and • Performance of similar organizations.
	5. Link resources, strategies and results (use financial and performance information to show how resources and strategies influence results)	7. Does the plan demonstrate how resources and strategies will influence results? 8. Are financial and non-financial performance measures provided to give an integrated and balance picture of intended performance? 9. Is the planned contribution of key activities to intended results or goals/objectives adequately demonstrated?
Summary Financial Outlook for the Plan Period • Total revenue • Total expenses • Major sources of revenue • Major sources of expenses • Operating income or loss • Net income or loss • Key forecast assumptions • Forecast risks and sensitivities	**6. Provide comparative information** (use past and expected future performance and performance of similar organizations)	6. Has the plan demonstrated satisfactorily that intended results represent a reasonable/ appropriate level of achievement given: • Historical performance, • Resources available to the organization, and • Performance of similar organizations.
Major Capital Project Plan (where relevant) The following with respect to anticipated or actual capital costs: • The amount of money • The value of any land, facilities, rights, or other benefits • The amount of any guarantees contributed	**7. Present credible information, fairly interpreted** (quantitative and qualitative information, interpreted and presented based on the best judgment of those reporting)	5. Are the intended results clear, measurable, concrete and consistent with goals or objectives? 10. Are actual (Annual Report) and intended (Service Plan) performances set out in a clear comparison?

Information on Operating Segments (where relevant) • Goals and/or objectives • Key strategies • Performance measures • Targets • Relationship between specific goals and objectives and the goals and objectives of the organization as a whole	**8. Disclose the basis for key reporting judgements** (basis on which information has been prepared and limitations to its use)	
Other Requirements • An explanation for any confidential information excluded from the Service Plan		**11**. Are the relevant core principles enunciated by Government policies evident in the planning and operations?

Appendix C – Relevant Sections of the
Budget Transparency and Accountability Act (August 2001)

Section 8 Making capital project information to be presented with the Estimates
(1) Subject to section 19(5) [exception if disclosure would be harmful], for any project where the government reporting entity, directly or indirectly,
    (a) has made commitments, or
    (b) anticipates making commitments
    that will, in total, exceed $50 million towards the capital cost of the project, the minister must present to the Legislative Assembly, at the same time that the main Estimates are presented, a statement of the current and anticipated total cost to the entity in relation to the capital cost of the project.
(2) For the purposes of subsection (1), a commitment includes
    (a) the amount of any money,
    (b) the value of any land, facilities, rights or other benefits, and
    (c) the amount of any guarantees,
    contributed, made in respect of or otherwise provided, or anticipated to be provided, by the government reporting entity towards the capital cost of the project.
(3) The obligation under subsection (1) ends when no further cost to the government reporting entity in relation to the capital cost of the project is anticipated.

Section 12 Government strategic plan
On or before the date when the main Estimates are presented to the Legislative Assembly, a minister must make public strategic plan documents that
    (a) set out the government's priorities
    (b) identify specific objectives and expected results
    (c) provide a fiscal forecast for the government reporting entity for the fiscal year for which the Estimates are presented and the following two (2) fiscal years, including a statement of all material assumptions and policy decisions underlying that forecast, and
    (d) present other information that the minister considers appropriate.

Section 13 Service plans for ministries and government organizations
(1) Annual service plans for each ministry and each government organization must be made public in accordance with this section.
(2) In the case of a service plan for a ministry, the plan must
    (a) cover the ministry and other appropriations of the responsible minister,
    (b) be made public by the responsible minister on the date when the main Estimates are presented to the Legislative Assembly for each fiscal year, and
    (c) address that fiscal year and the following two (2) fiscal years.
(3) In the case of a service plan for a government organization, the plan must
    (a) be made public by the responsible minister on the date when the main Estimates are presented to the Legislative Assembly for each fiscal year of the organization, and
    (b) address that fiscal year and the following two (2) fiscal years.

(4) Subject to section 19(5) [exception if disclosure would be harmful], a service plan under this section must be consistent with the current government strategic plan and must
    (a) include a statement of goals,
    (b) identify specific objectives and performance measures,
    (c) in relation to a project to which section 14 [major capital project plans] applies, include the information required under that section,
    (d) include other prescribed information, if applicable,
    (e) for a ministry's service plan,
        (i) include a statement that the responsible minister is accountable for the basis on which the service plan is prepared and for achieving the specific objectives in that plan, and
        (ii) provide for the signature of the responsible minister to that statement,
    (f) if expected results that are specified by regulation of Treasury Board, under the *Balanced Budget and Ministerial Accountability Act* for the purpose of section 5(3) of that Act are pertinent to a ministry's annual service plan,
        (i) include a statement that the member of the Executive Council who has responsibility for those results is accountable for achieving them, and
        (ii) provide for the signature of the member to that statement, and
    (g) include other information the responsible minister or government organization considers appropriate.

Section 14 Major capital project plans to be made public at time of commitment
Subject to section 19(5) [exception if disclosure would be harmful], within one month after commitments have been made such that statements of costs under section 8 [major capital project information to be presented with the Estimates] are required with the next main Estimates, the responsible minister in relation to the project must make public a major capital project plan stating
        (a) the objectives of the project,
        (b) the costs and benefits for the project, and
        (c) the risks associated with those costs and benefits.

<p align="center">Part 4 – Service Plan Reports</p>

Section 15 Annual report on government strategic plan
By August 31 in each year, a minister must make public an annual report that, for the fiscal year of the *Public Accounts*, compares actual results of the government's strategic plan under section 12 with the expected results of the strategic plan for that fiscal year.

Section 16 Annual service plan reports for ministries and government organizations
(1) Annual service plan reports for each ministry and each government organization must be made public in accordance with this section.
(2) In the case of an annual service plan report for a ministry, the report must
    (a) cover the ministry and other appropriations of the responsible minister,

(b) compare actual results for the preceding fiscal year with the expected results identified in the service plan under section 13 for that fiscal year,

(c) be made public by the responsible minister no later than August 31 in each year,

(d) include a statement that the responsible minister is accountable for those actual results,

(e) provide for the signature of the responsible minister to that statement, and

(f) if expected results that are specified by regulation of Treasury Board, under the *Balanced Budget and Ministerial Accountability Act* for the purpose of section 5(3) of that Act are pertinent to a ministry's annual service plan report,

   (i) include a statement that the member of the Executive Council who has responsibility for those results is accountable for them, and
   (ii) provide for the signature of the member to that statement

(3) In the case of an annual service plan report for a government organization, the report must:

(a) compare actual results for the preceding fiscal year with the expected results identified in the service plan under section 13 for that fiscal year, and

(b) be made public by the responsible minister no later than August 31 or the end of 5 months after the end of the preceding fiscal year of the government organization, whichever comes first.

(4) On a date not earlier than 30, nor later than 60, days after the annual service plan report for a government organization specified by regulation of Treasury Board is made public under subsection (3)(b) by the responsible minister, the specified government organization must conduct a public meeting at a location in British Columbia where that organization carries on significant operations, for the purposes of presenting to the public the annual service plan report, required under this section, of that organization.

(5) Each government organization specified under subsection (4) must give at least 14 days notice of the public meeting required under subsection (4) by a notice that states the time, date, place and purpose of the public meeting and other information that may be prescribed.

(6) If another Act requires a responsible minister to present a report to the Legislative Assembly respecting the activities of a ministry or government organization for a fiscal year, the report under this section satisfies that requirement subject to any additional reporting requirements established by the other Act.

(7) An annual service plan report under this section may be combined with a service plan for the following year under section 13, so long as the service plan is made public in accordance with that section.

Section 17 Non-compliance statements

If a document required to be made public under this Act

(a) is not made public within the required time,

(b) does not include all required information, or

(c) does not present the information in the required manner, then, at the time the document is required to be made public, the responsible minister must make public a written statement giving the reasons for the non-compliance.

Section 18 Making documents public
(1) If a person is required to make a document public under this Act, the person meets that obligation by
    (a) either, as applicable
        (i) laying the document before the Legislative Assembly, if it is in session, or
        (ii) filing the document with the Clerk of the Legislative Assembly, if the
Legislative Assembly is not in session, and
    (b) making the document available to the general public in a reasonable manner, which may include by electronic means.

Section 19 Disclosure requirements
(1) The disclosure requirements under this Act are additional to any other requirements established by another Act.
(2) In preparing documents to be make public under this act, all reasonable efforts must be made to present the information in a form and language that is as precise and as readily understandable as practicable.
(3) To the extend reasonably possible,
    (a) if this Act requires information to be made public respecting planning and later respecting results in relation to the same matter, the information must be presented in a readily comparable manner, and
    (b) the information contained in a service plan and annual service plan report under this Act for one organization must be readily comparable to information contained in the service plans and annual service plan reports of other organizations to which this Act applies.
(4) The terms "surplus" and "deficit" must not be used in a document required to be made public under this Act to refer to the surplus or deficit of the consolidated revenue fund.
(5) Despite any other provision of this act, disclosure of specific information
    (a) is not required, if the information would not be required to be disclosed under the *Freedom of Information and Protection of Privacy Act*, and
    (b) is prohibited, if the information would be prohibited from being disclosed under that Act.

Section 24 Regulation making authority
(1) The Lieutenant Governor in Council may make regulations referred to in section 41 of the *Interpretation Act.*
(2) Without limiting subsection (1), the Lieutenant Governor in Council may make regulations as follows:
    (a) defining a word or expression used in the Act;
    (b) prescribing information that must be included in a service plan under section 13;
    (c) on the recommendation of the minister after consultation with the Auditor General, exempting a government organization from the application of one or more of sections 13 (service plans), 14 (major capital project plans) and 16 (annual service plan reports);

(d) on the recommendation of the minister after consultation with the Auditor General, excluding an organization from or including an organization in the government reporting entity.

(3) If a regulation under subsection (2)(c) or (d) is made, the minister must make public as soon as possible a statement of the reasons for making the recommendation.

Section 52 Staged implementation

(1) The following section first applies for the purposes of the 2001/2002 fiscal year:
    section 8 (major capital project information).
(2) The following sections first apply for the purposes of the 2002-2003 fiscal year:
    section 12 (government strategic plan);
    section 13 (service plans for ministries and government organizations);
    section 15 (annual report on government strategic plan);
    section 16 (annual service plan reports for ministries and government organizations).

Section 53 Commencement

(1) Section 14 (major capital project plans) comes into force on October 1, 2000.
(2) Sections 41 to 51 (repeal of annual ministry reports under other Acts) come into force on March 31, 2002.

Appendix D – Service Plan Guidelines, Contact List, and Assessment Reports

Guidelines and Contact List

Crown Agencies Secretariat. <u>Guidelines for Government Organizations Service Plans</u>.
Online [http://www.gov.bc.ca/cas/rpts/]

Crown Agencies Secretariat. <u>Contact List</u>.
Online [http://www.gov.bc.ca/cas/cont/]

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Public Performance Reporting Practices in British Columbia</u>.
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4-Review-of-CC.pdf]</u>

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