

## Government accountability

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## Main points

The purpose of this chapter is to support legislators and the Government as they continue to improve the Government's accountability.

We suggest three ways to strengthen accountability. First, we encourage the Government to use an overall plan that highlights major strategies across all ministries and Crown agencies. Second, we encourage the Government to continue to compare actual results to the planned results. Third, we encourage the Legislative Assembly's committees to review the plans and results of public agencies.

## **Introduction**

The purpose of this chapter is to support legislators as they continue to improve the Government's accountability. The new Government is taking time to refine its approach to accountability. It may find this chapter useful to focus efforts towards more accountable and transparent government.

Specifically, this chapter:

- ◆ outlines the benefits of accountability and what it requires
- ◆ provides an update to March 31, 2008 of accountability through public reports in Saskatchewan's public sector
- ◆ recognizes key challenges for public sector reporting
- ◆ identifies opportunities to improve accountability

We also update the status of prior recommendations we made about accountability.

The primary role of the Legislative Assembly is to hold the Government accountable for how it uses the powers and resources entrusted to it. To hold the Government accountable, the Legislative Assembly needs to review the Government's plans, actions, and results.

In a democracy, citizens also expect to know what services the Government intends to provide (plans), what it will cost, and how well the Government achieves its plans (results). Citizens expect legislators to review accurate reports of results before deciding what to do next.

## **The benefits of accountability**

Accountability leads to better management of public money and effective public services. Public plans and reports encourage honesty and help democracy work. Transparent plans, actions, and results increase the public's confidence in governments.

Useful information is the foundation of effective accountability. Useful information supports stronger, more consistent management of public services and better service delivery at a reasonable cost. It helps legislators assess what public services the Government should provide.

Useful information also helps legislators decide priority uses for public money.

When legislators ask for useful information for accountability, managers also get better information to help them make decisions and better manage public services. Collecting information can be expensive, but making decisions without it can result in costly mistakes. The extra time required to get useful information helps to avoid poor decisions based on poor information.

Useful information compares results from one year to the next and from one agency to other similar agencies. Comparing progress over time is essential to evaluate results. Comparing the progress of various agencies on common objectives (e.g., reducing workplace injuries, employing Aboriginal people) is one of the benefits of public reports. Useful information helps legislators to identify problem areas, measure progress, and make new plans.

Making plans and results public, gives management an opportunity to explain the reasons why results are different from plans. Circumstances change. Decision-makers need to know what happened and the public should understand when and why governments change direction. Public plans and reports also make accountability to the public possible. Accountability improves public confidence.

### **Accountability means public plans, results, and reviews**

Accountability occurs when there is a review of reports explaining actions and progress toward planned results. In the public sector, effective accountability requires:

- ◆ **Public plans.** Public plans should explain the results expected and the resources needed in the context of responsibility and authority. For key areas of responsibility, the plan should contain objectives, targets for expected results by a specific date, resources required, and indicators of success.
- ◆ **Public reports about actual results.** Public reports should explain the extent to which the Government achieved its objectives, the resources used, and the reasons for the extent of

its success including the risks faced. To be useful, the reports should be accurate, complete, and understandable.

- ◆ **Public review of results.** A timely, reasonable review of previous results by the Legislative Assembly or its committees helps legislators plan. The review should inform and support decisions about public services in the future.

## **Public sector accountability in Saskatchewan**

### **Accountability is expected for public agencies**

Legislators need to direct the Government to provide them with useful accountability information. In Saskatchewan, laws require provincial government agencies to make public their financial results, usually in an annual report. Laws do not require public agencies to disclose their plans or non-financial results.

The Legislative Assembly has two main boards that direct the accountability practices of the over 270 agencies that handle public money and provide various services to the public.

- ◆ The Board of the Crown Investments Corporation (CIC) is responsible for CIC, its related corporations, and their pension plans.
- ◆ Treasury Board is responsible for ministries and their related agencies (e.g., post-secondary educational institutions, regional health authorities, legal aid and other commissions, crop insurance).

Cabinet usually delegates to these two boards the responsibility to instruct public agencies about what to make public. Disclosing plans and results helps the Government achieve accountability and transparency.

In 1998, CIC directed CIC Crown agencies to use, by 2000, a balanced-scorecard format to explain their plans and report results. CIC's policies require CIC Crown agencies to make summary plans public at year-end

in their annual reports showing goals, objectives, targets, and results.<sup>1</sup> In 2008, this CIC guidance continued to be in use.

In 2000, Treasury Board directed ministries to use a performance management format to explain their plans and report results. On behalf of Treasury Board, by 2003, the Ministry of Finance (Finance) provided detailed guidelines about ministries' public plans and reports. Three other Treasury Board agencies also began to use this system.<sup>2</sup>

In 2008, the Finance guidance to ministries changed. As part of the post-election transition, the new Government did not require ministries to make their 2008-09 plans public. It takes time to develop plans for the direction of a new government. Finance's guidelines for 2007-08 annual reports still require a public report of results compared to the prior year's public plan; guidelines for 2008-09 are not yet available.

Finance guidance does not include a road map showing how the Government expects reporting to improve over time so that ministries can prepare information.<sup>3</sup> For example, Finance has not informed ministries and other Treasury Board agencies when they should be ready to disclose targets for their objectives.

Some government agencies receive direction about their annual reports from supervising agencies. For example, the Ministry of Health gives regional health authorities guidelines on developing their annual reports.

Some government agencies have never been directed (by a central or supervising agency) to make public their plans and reports of results.<sup>4</sup> The progress of these agencies toward full public accountability is slower than it is for agencies getting direction from a central agency. Public accountability has not evolved consistently across government agencies.

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<sup>1</sup> CIC's Performance Disclosure and Reporting policy applies to CIC and all CIC Crown agencies except those that are in the process of winding up.

<sup>2</sup> Saskatchewan Watershed Authority, Saskatchewan Communications Network, and the Saskatchewan Liquor and Gaming Authority.

<sup>3</sup> Finance guidance is located at <http://www.finance.gov.sk.ca/performance-planning/> (28 Oct 2008).

<sup>4</sup> Provincial Auditor's 2007 Report - Volume 3 p.151 identifies agencies without public plans.

## **Plans and reports are usually public**

In 2008, CIC Crown agencies followed the CIC guidelines and continued to make their summary plans public through their balanced scorecards. CIC Crown agencies annually reported their results compared to their planned objectives and specific targets.

Until March 2008, most ministries and related agencies made their annual plans and results public in a timely way. When significant agencies do not report their results to the public, we advise the Legislative Assembly of this loss of public accountability (e.g., our 2007 Report - Volume 3 p.151).

In accordance with the guidance they received, the ministries did not have public plans for 2008-09. However, in November 2007, the Government disclosed on websites its “mandate letters” to each Minister, setting out priorities for four years. The Government told us it is incorporating these priorities into a strategic plan for the whole Government. Also, in March 2008, the Government made public a *Budget Summary* for ministries.<sup>5</sup> Annual public plans inform the Legislative Assembly about the direction of government agencies and make accountability stronger.

Most ministries follow the Finance guidelines and use their annual reports to explain their results compared to their objectives. Some other Treasury Board agencies highlight their successes but do not report their results in relation to their plans. If Treasury Board agencies do not compare their results to planned objectives and targets, legislators cannot tell if the Government achieved its plans or not.

## **Assembly’s committee reviews annual reports**

The Legislative Assembly uses four committees to help it hold the Government accountable for its use of public resources. The committees are responsible to consider estimates and review results regarding the economy, intergovernmental affairs, human services, and the Government’s Crown corporations and central agencies. These committees have members from all political parties and contribute to the public’s confidence in our system of government.

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<sup>5</sup> *Budget Summary* is located at <http://www.finance.gov.sk.ca/budget/2008-09/> (30 Oct 2008).

The Standing Committee on Crown and Central Agencies (CCAC) was the first in Canada to review annual reports in 1946. During its review, CCAC members can inquire about past results, future plans, and matters of current interest. The CCAC may also review significant transactions, strategic plans, key risks, and results. During 2007-08, the CCAC reviewed some annual reports, although the reviews were not timely.

The three other committees also have the power to review government agencies' plans and reports. However, during 2006 to 2008, these committees did not review the plans and reports of government agencies.

The Legislative Assembly gave its committees several tasks and set priorities to complete essential business. Generally, during sittings of the Assembly, consideration of draft legislation and estimates takes priority.<sup>6</sup> This may be why the committees do not review all agencies' results to hold the Government accountable.

### Challenges for public sector reporting

One challenge for public agencies is to present their plans and results in the context of the overall direction of the Government. All public agencies could better explain how their plans and results contribute to progress if the Government made public its government-wide objectives and targets. Legislators and the public could then see if the Government is achieving its plans.

Another challenge is meeting the needs of the various groups that use public reports. For example, legislators may want more detail than the public. Sometimes legislators wish to compare results across several provinces. Such comparisons require governments to agree on what to measure and how to calculate the measures. Although this is difficult to achieve, some agencies now use several nationally-agreed measures.

Measuring results can be costly due to the expense of collecting and analyzing the information. It is critical that governments choose a few key results to measure. Agreeing on which measures are most useful can be difficult. Even with agreement on the measures, making these reports

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<sup>6</sup> Excerpt from the Legislative Assembly website (<http://www.legassembly.sk.ca/committees/Archive/25L>) and its *Guide to Committees* (28 Oct 2008).



timely requires a high degree of co-operation and focused efforts from all government agencies.

Good public reporting systems take time to evolve. International experts estimate it takes five to ten years to achieve a mature reporting system for a government. Making public reports more useful requires the attention of legislators, knowledge experts, and government employees.

## **Opportunities to improve accountability**

As public agencies get more experience with reporting results, management considers how to make reports more useful and accessible. We look for three main improvements to gain more transparent and accountable government.

### **Overall plan to guide the government as a whole**

An overall plan would help legislators and the public debate how to use available public resources. This overall plan should summarize the major strategies of large government agencies. A summary plan makes it easier for government agencies to align their work in a common direction.

The Government makes its financial position public in its summary financial statements. In our 2008 Report – Volume 2 (page 22), we explain that the Government does not publish an adequate overall financial plan. We think it should. The issues and decisions faced by Saskatchewan are far too important and complex to consider without an overall plan.

Providing an overall plan (including an adequate summary financial plan) for the entire Government will help generate an informed debate among legislators and the public about future directions. It will help legislators judge the benefits and affordability of new proposals compared to existing public services in view of the level of taxation.

### **Public plans and reports of results compared to plans**

Citizens expect that when they pay taxes to the Government to support public services, the Government will tell them about these services.

Citizens also expect the Government to tell them what it actually achieved compared to what it planned.

To know if services are effective, legislators and the public need to know the planned and actual results of all public agencies. Plans should be made public in the context of the prior year's results and before the actions are undertaken. Legislators also need to know the planned and actual costs of government services. Knowing the cost of planned services helps legislators judge the value of those services to the public.

Reporting results is simpler if the Government selects key measures and reports them consistently. Short and long-term targets help explain the Government's priorities and make it possible to evaluate whether progress is sufficient.

## **Public review of reported results compared to plans**

The purpose of public reports of agencies' results, both financial and operational, is to inform the public and legislators. These reports also help the Government make decisions about its future direction. Legislators gain this important benefit when they formally review agencies' reports in time for this work to contribute to decisions about future plans.

Legislators have many demands on their time, but opportunity to discuss the agencies' results could be an efficient way to evaluate the benefits of varied services across the Government. If the reports also contained information about costs, they would be even more useful for this purpose.

## **Prior recommendations on accountability**

To encourage meaningful public reports, we sometimes recommend actions to improve reporting across Government. The Standing Committee on Public Accounts (PAC) agreed with the four recommendations in Exhibit 1. We follow up on recommendations to advise PAC and the Assembly whether the Government has taken the expected action. Exhibit 1 highlights the status of these recommendations to improve reports to the public.

Exhibit 1—Status of recommendations for more meaningful reports

Provincial Audit Report	Recommendation	Recommended action's status
2002 Spring Report Ch 10 p.104	We recommend that Finance give ministries a <b>multi-year timetable</b> with targets for incremental improvement in performance plans and reports of results.	Timetable established and later withdrawn
2002 Spring Report Ch 10 p.104	We recommend that Finance be proactive to establish a website or intranet among ministries to <b>communicate best practices</b> from research and innovations for improved performance management and reporting	Finance website gives a link to one best practice website
2004 Report Volume 1 Ch 9 p.127	We recommend that the Government direct all <b>Treasury Board agencies to use an accountability framework</b> that focuses on results.	Guidance for ministries, not other agencies
2004 Report Volume 1 Ch 9 p.132	We recommend that the Government require ministries and Treasury Board agencies to <b>publish their planned targets for major long-term results.</b>	Not yet acted upon; agencies experimenting

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