



SASKATCHEWAN

**GUIDE TO CCAF PRINCIPLES OF
PERFORMANCE REPORTING**

February 2006



**Office of the
Provincial Auditor**



Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V2

Telephone: (306) 787-6398
Fax: (306) 787-6383

E-mail: info@auditor.sk.ca
Web site: <http://www.auditor.sk.ca/>

Vision

We envision effective, open, and accountable government.

Mission

We serve the people of Saskatchewan through the Legislative Assembly by fostering excellence in public sector management and accountability.

INTRODUCTION

In 2002, CCAF released [*Public Performance Reporting Principles*](#).¹ These *Principles* are aimed at helping governments and other public sector institutions bring public performance reporting to a new level of excellence. CCAF considers public reporting on performance not an end in itself, but rather an integral part of effective public sector governance and management.

CCAF is a national, non-profit research and education foundation that researches public sector accountability, management, and audit issues. It developed its *Public Performance Reporting Principles* through extensive consultation with legislators, managers, and auditors.

To facilitate use of the CCAF *Principles* the Office of the Provincial Auditor Saskatchewan in collaboration with our counterparts in other Canadian jurisdictions have jointly prepared this *Guide* which is intended to provide a resource for both those who are charged with preparing performance reports and auditors who may be tasked with examining and reporting on the content of performance reports. As such, the *Guide* is designed to provide an overview of the CCAF *Principles* accompanied by a set of criteria that we think should be met in order for a performance report to meet CCAF's recommended *Principles*. The *Guide* also contains a checklist of key questions to help practitioners determine if they have covered the essentials in their performance report and auditors to determine if a performance report is consistent with CCAF's recommended *Principles*.

¹ CCAF-FCVI. (2002). *CCAF Public Performance Reporting Program. Reporting Principles: Taking Public Performance Reporting to a New Level*. Ottawa: Author. www.ccaf-fcvi.com/

DEFINITIONS

Activities

Operation or work processes internal to an organization that lead to certain outputs and ultimately, outcomes. Examples of activities are:

- reviewing applications,
- conducting inspections,
- negotiating agreements,
- drafting legislation,
- developing policies/procedures,
- conducting training,
- reviewing grant proposals.

Outcomes

A significant consequence attributed to the outputs of an organization, policy, program or initiative. Outcomes may relate to a change in behaviour, skills, knowledge, attitudes, values, conditions, status or other attributes. Outcomes may be described as immediate, intermediate or long term, direct or indirect, intended or unintended. For example, a program to enforce discharge in waterways could have the following immediate, intermediate and long term outcomes:

- Immediate Outcome - pollutant discharges are reduced by a specified targeted amount;
- Intermediate Outcomes - reduced fish and human disease by a specified targeted amount;
- Long Term Outcomes - improved water quality by a specified targeted amount.

Outputs

Products or services resulting from the activities of an organization, policy, program or initiative. Examples of outputs are:

- advice given,
- reports produced,
- grants distributed,
- lane kilometres repaired,
- number of people who received training.

Performance

How well an organization, policy, program, or initiative is achieving its planned, intended results measured against targets, standards, or criteria.

Performance Indicator

The yardstick which is used to inform users of performance information on change relative to the stated goal/objective and target. Some indicators measure outcomes, others measure outputs or inputs. There are efficiency/productivity indicators and effectiveness/quality indicators. E.g., an indicator for the desired outcome of improved water quality could be pollutant count in rivers and streams.

Performance Measure

The specific data and calculation that will be used in relation to a particular indicator. E.g., water samples from rivers and streams within the jurisdiction collected at 2 month intervals to test for specific types of pollutants.

Results

The consequences attributed to the activities of an organization, policy, program or initiative. Results can include both outputs produced and outcomes achieved.

CCAF Principle 1 – Focus on a Few Critical Aspects of Performance

Public performance reporting should focus on the few critical aspects of performance. Canadians have diverse interests, priorities and perspectives and use performance information for different purposes. Governments have a capacity to measure and report on myriad aspects of performance at many different levels. These, however, can easily exceed the public's capacity to absorb information in ways that are genuinely useful. To be understandable, public performance reporting needs to focus more selectively, and more meaningfully, on a smaller number of critical aspects or areas of performance.

Criteria

1.0.1 *Being Selective*

Focusing a performance report on critical elements that are relevant such as:

- what is important to the intended users;
- the core objectives of the organization and the key results governments have committed to achieve; and
- aspects of performance that government judges as critical to achieving its core objectives and meeting its performance commitments.

1.0.2 *Appropriate Length*

The content/length of a performance report should be commensurate with importance and relevance to strategic goals.

1.1.1 *Meaningful Reporting*

A performance report should communicate a logical reporting structure based on the organization's purpose and how it is organized to meet its objectives.

1.1.2 *Providing Context and References Supporting Information*

A performance report should provide context on the organization's mandate, legal authority and core functions as well as reference to how more detailed supporting information can be accessed (e.g., through reference to other sources or links to web sites).

Guiding Questions to Ask Yourself in Preparing or Assessing a Performance Report

1. Does the report focus on communicating performance in relation to the priorities of the organization and those of your government?
2. Does the performance report focus on relevant aspects of the organization's performance? (One way to know if the report is focused on what is relevant is to determine if the information reported is also the type of information that is used by the organization for decision-making about future direction, adjustments, re-allocations, re-assignments, etc.).
3. Is the report disproportionately focussed on presenting information about the organization that is not central to its primary role/function or its primary goods, services and intended results?
4. Would a person external to the organization be able to understand the link between the organizational structure and the strategic goals that are the focus of the organization?
5. Does the performance report highlight aspects of the organization's operation that would provide important context for understanding the organization's role/function and performance results? (e.g., explaining aspects such as: the underlying rationale for your mission/mandate, how you are structure to deliver your core functions and expected results).
6. Does the performance report direct readers to where they could find supplementary information on the organization and its operations? (e.g., web-based information about the organization).

CCAF Principle 2 – Look Forward as Well as Back

Public performance reporting should be forward-looking as well as retrospective. At a minimum, it should identify and explain goals and expectations, and relate results achieved to previously established expectations.

Criteria

2.0.1 Linking the Short-Term to the Long-Term

A performance report should communicate specific short-term targets, explaining how they contribute to long-term goals.

2.0.2 Comparing Result to Expectation

Reports should present achievements against previously established, clear performance expectations.

2.0.3 Reporting Variance

An organization should explain in its performance report variances between actual and planned results as well as how it intends to address the shortfall where applicable.

2.0.4 Linking Processes to Outputs and Outcomes

A performance report should demonstrate how its key processes and short-term results (outputs) contribute to its long-term goals (outcomes).

Guiding Questions to Ask Yourself in Preparing or Assessing a Performance Report

1. Does the performance report identify specific performance targets in relation to goals/objectives?
2. Has the performance report distinguished between short-term and long-term outcomes and targets?
3. Is the performance report structured in such a way that it provides the reader with a comparison between what the organization hoped to achieve and what was actually achieved in a given year?
4. Where there is a gap between actual performance and what was hoped to be achieved, does the performance report provide explanations of those gaps. (Note: an organization may wish to establish what it considers to be appropriate ranges of variance from the expected result in which case it should state those ranges in relation to each target and provide explanations only for deviations that exceed the tolerance level established).
5. Does the performance report indicate how variances which exceed the tolerance level established will be addressed in future?
6. Would someone external to the organization be able to understand how the processes and activities of that organization directly relate to its outputs and outcomes?

CCAF Principle 3 – Explain Key Risk Considerations

Public performance reporting should identify key strategic risks, explain their influence on policy choices and performance expectations, and relate results achieved to the risk and level of risk that is acceptable to the organization.

Criteria

3.0.1 Identifying Strategic Risk and Tolerance Levels

A performance report should present the strategic risks of the organization and an assessment of the acceptable level of risk.

3.0.2 Addressing Risks

Risk mitigation strategies should be explained in a performance report.

3.0.3 Reporting on Risk Management Strategies

A performance report should comment on the effectiveness of risk mitigation strategies in cases where such strategies play a significant role in the results achieved by the organization.

Guiding Questions to Ask Yourself in Preparing or Assessing a Performance Report

1. Does the performance report explain the major risks that could affect the organization's ability to achieve its key objectives and performance targets thereby ultimately impacting the organization's mission, goals and objectives?
2. Does the performance report describe the steps that are being taken or will be taken to mitigate major risks that are not within acceptable levels of risk?
3. Does the performance report compare the actual impact of risk management strategies with the expected impact of implementing various risk management steps?
4. Does the performance report identify how any gaps between expected and actual results of risk management will be corrected in future?

CCAF Principle 4 – Explain Key Capacity Considerations

Public Performance reporting should disclose and discuss key considerations affecting capacity to sustain or improve results and meet expectations. Capacity includes the quality and quantity of: human, financial, physical, technological and intellectual resources. It also refers to an organizations internal systems and processes.

Criteria

4.0.1 Identifying and Explaining How Capacity Issues will be Addressed

Where capacity considerations affect future performance, the reporting should identify and explain:

- the specific dimensions of capacity that are at issue;
- their importance to the reporting unit’s mission, and expected results; and
- the steps being taken or that will be taken to manage capacity issues including any adjustment to expected results (it may be that an organization can respond to capacity issues partly by directly addressing these and partly by changing its expected results; in other cases, an organization may only be able to respond to capacity considerations through changes in expected results).

Guiding Questions to Ask Yourself in Preparing or Assessing a Performance Report

1. Has the organization identified in its performance report the critical areas where it will need to manage its capacity in order to meet its mission, and expected results?
2. Does the performance report explain what plans the organization has to:
 - build its capacity to achieve its mission and expected results? and/or
 - adjust to or manage expectations about its ability to meet its mission and expected results?

CCAF Principle 5 – Explain Other Factors Critical to Performance

Public performance reporting should disclose and discuss any other factors critical to successful implementation of strategies or to understanding of performance.

Criteria

5.0.1 Explaining the Impact of External Factors

A performance report should explain how critical external factors such as changing economic, social or demographic conditions impact the organization’s mission, objectives, and expected results.

5.1.1 Relating Conduct of Business to Performance

A performance report should demonstrate how an organization’s core values such as equity, due process, prudence, and probity have been applied by the organization in carrying out its operations.

5.2.1 Explaining the Impact of the Internal Organizational Structure

There should be an explanation in a performance report of how the organizational structure, governance, and reporting relationships impact its performance (e.g., partnerships with other ministries within the same government).

5.2.2 Explaining the Involvement of External Organizations

A performance report should explain the role and contribution of third parties in the achievement of an organization's mission, objectives, and results. Third parties include contracting-out, collaborations, or partnerships between different levels of government, or with the private sector.

Guiding Questions to Ask Yourself in Preparing or Assessing a Performance Report

1. Has the performance report captured how external factors (e.g., economic, social, demographic and other factors that are of critical relevance to the organization) affect the direction, focus/priorities of the organization and its expected results?
2. Does the performance report identify the organization's operating values/principles (e.g., adherence to employment standards, transparency and openness, principles of environmental stewardship, etc.) and demonstrate how these are carried out in the activities and management of the organization?
3. Does the performance report explain how its organizational structure has impacted the attainment of its mission, objectives and results?
4. Does the performance report profile major partnerships/collaborations with external third parties including strategic goals you share with external entities or partnerships for the delivery of goods and services?
5. Does the performance report explain how these external third parties have contributed to the organization's ability to carry out its mission and achieve key objectives and expected results?

CCAF Principle 6 – Integrated Financial and Non-Financial Information

Public performance reporting should integrate financial and non-financial information to show how resources and strategies influence results.

Criteria

6.0.1 Consistency between Financial and Non-Financial Information

Reporting of costs should be done in a format that is consistent with the structure selected for reporting performance information about the organization.

6.0.2 Linking Costs to Actual Results

A performance report should relate cost to actual results achieved.

Guiding Questions to Ask Yourself in Preparing or Assessing a Performance Report

1. Is the presentation of financial information consistent with the format that the organization has selected for presenting its non-financial information – e.g., lines of business/core functions, programs, strategies and so forth? (In other words, based on the organization’s presentation of information in a performance report, would an external reader be able to determine the costs associated with that organization’s lines of business/core functions, programs, strategies, etc.?)
2. Does the performance report enable an external reader to identify the costs associated with significant outputs and outcomes in relation to significant goals/objectives or strategies (including immediate, intermediate and long term outcomes)?

CCAF Principle 7 – Provide Comparative Information

Public performance reporting should provide comparative information about past performance and about the performance of similar organizations when doing so would significantly enhance a reader’s ability to understand and use the information being reported.

Criteria

7.0.1 Reporting Performance Trends

A performance report should compare results in relation to prior years’ results in order to show whether performance is stable, improving, or deteriorating.

7.0.2 Reporting Performance in Relation to that of Others

A performance report should compare its results to those of similar organizations or programs where reliable, comparable information is available.

Guiding Questions to Ask Yourself in Preparing or Assessing a Performance Report

1. Does the organization report its performance in the context of its performance over previous years?
2. Where data gaps exist in relation to prior years’ performance does the performance report so indicate and explain what steps the organization intends to take to address the gap?
3. Does the performance information reported enable the reader to compare the reporting organization’s performance with that of entities who may have the same mandate, goal/objective, or program/service?

CCAF Principle 8 – Present Credible Information Fairly Interpreted

Public performance reporting should be based on credible quantitative information fairly interpreted and presented.

Criteria

8.0.1 Consistent Basis of Reporting

Performance information should be measured and presented consistently from one period to the next and from one reporting organization to the next with changes explained.

8.1.1 Unbiased Reporting

Individual performance measures reported should be presented in a way that does not obscure or distort the significance of results or mislead the user.

8.1.2 Balanced Reporting

A performance report should avoid unbalanced emphasis on “good” news or suppression of “bad” news.

8.1.3 Substantiating the Basis of Reported Performance

A performance report should present the best interpretation of management, avoiding unsupported claims. This means that the narrative and data presented communicate consistent performance information.

8.1.4 Providing Adequate Evidence of Performance

Performance results reported should be supported by adequate evidence.

8.2.1 Demonstrating the Relationship Between Performance Measurement Data and the Critical Aspects of Performance

Performance measurement data that is reported should:

- relate to key aspects of performance,
- demonstrate whether performance is stable, improving, or declining, and
- help to predict future results.

8.2.2 Data is Timely

Performance reporting should provide the most recent data of sufficient quality. This means that the time frame for the data reported is reasonable to the performance context being reported. Data that is timely contributes to the credibility and fairness of the performance story being communicated.

8.3.1 Accurate and Reliable Reporting

Performance information is reasonably accurate and complete, free from material error and capable of replication or verification. In other words, the data reported is not flawed.

8.4.1 Understandable Performance Information

Performance information is presented in a language and format that helps users appreciate its significance, avoiding excessive detail and overly technical descriptions.

8.5.1 Valid Performance Information

Performance information is valid – that is, it measures what it purports to measure. For instance, if one wants to report on waiting lists for certain surgical procedures, one has to select a performance measure that will indeed provide a valid indicator of change in wait times.

Guiding Questions to Ask Yourself in Preparing or Assessing a Performance Report

1. Is the information reported in the performance report based on performance indicators and methods of measurement that have remained the same from one year to the next?
2. Where performance indicators or methods of measurement have changed in relation to reporting on performance of a particular goal/objective and target, does the performance report explain the rationale for the change in indicator or method of measurement?
3. Is performance information presented in a neutral and fair way without deliberate/systematic bias that presents performance as overly positive or overly negative?
4. Does the performance report focus on challenges during the year, whether goals were achieved, how management intends to address unmet performance targets?
5. Does the performance report adequately disclose significant uncertainties or performance measurement limitations as they relate to the data presented in the performance report?
6. Does the performance report provide sufficient evidence (performance data) to substantiate the various statements/conclusions made about the organization's performance?
7. Is the most recent data that is reliable and available the one that is used as the basis for reporting on performance?
8. Wherever possible does the performance data that is reported fall within the time period that is the subject of a performance report? Where that is not the case, does the performance report provide explanations for the rationale as to why such data is not used?
9. Can someone other than the person who prepared the performance data derive the same figures by replicating the calculation?
10. Does the performance data reported faithfully represent the source data from which it is derived?
11. Does the performance report define performance measures and identify sources of the data and methodology used to convert source data into the form in which it is presented?
12. Does the narrative explain how the performance data relates to expected results?
13. Is the performance report clear, concise and free of technical jargon?
14. Do graphics enable a reader to correctly interpret the information that the organization is attempting to communicate?

CCAF Principle 9 – Disclose the Basis for Reporting

Public performance reporting should disclose the basis on which it has been prepared. In particular, reports should explain the basis for selecting the few critical aspects of performance; changes in the way performance is measured or presented; and the basis on which those responsible for the report hold confidence in the reliability of the information being reported.

Criteria

9.0.1 Explaining Choice of Reporting Focus

A performance report should explain the basis on which it chose its focus in relation to its operation and performance measures.

9.1.1 Explaining Changes in Measurement or Presentation

A performance report should explain why any changes in performance measurement or presentation of performance data were necessary from one reporting period to the next.

9.2.1 Explaining Degree of Reliability of Performance Information

A performance report should explain to the reader the basis on which management has confidence in the reliability of performance information.

9.2.2 Identifying Data Sources, Methodologies, and Limitations

A performance report should identify the sources of data used, explain methodologies used to calculate the performance information presented and any limitations to data quality or to the actual performance measures selected that might influence the judgement of readers.

9.2.3 Identifying Strategies to Address Data Limitations

An organization should include in its performance report an explanation of the strategies it will take to remedy data limitations.

9.2.4 Including a Statement from Management Affirming the Relevance and Accuracy of Performance Information

A performance report should include a statement from management with respect to its responsibility for the content of the report, and confirming that the report accurately reflects all relevant circumstances of the organization's performance.

Guiding Questions to Ask Yourself in Preparing or Assessing a Performance Report

1. Does the performance report explain the basis for selecting the reporting focus?
2. When circumstances require a significant change in focus, does the performance report explain the rationale for such changes from one reporting time period to the next?
3. Does the performance report make it clear why the performance targets, indicators and measures selected are important or relevant to the organization?
4. When there is a change in the presentation of performance data, performance indicators or performance measures used from one reporting period to the next, is the rationale for the changes provided in the performance report?
5. Does the performance report explain how management has exercised due diligence to satisfy itself of the quality of the data it is using regardless of whether the data is derived internally or from external sources?
6. Does the performance report identify any significant caveats or limitations in the supporting information (e.g. data quality, using proxy measures until better ones are available)?
7. Does the performance report identify the steps that the organization will take to remedy performance data limitations?
8. Does the performance report contain a statement from management affirming that the interpretations embedded in reporting accurately reflect the best judgment of the organization?