

Key processes to plan

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Introduction

Sound public plans help legislators and citizens to understand and debate what the Government and its agencies intend to achieve and at what cost. Given the importance of such plans, it is essential that the Government and its agencies have good planning processes and practices to enable them to prepare effective long-term plans.

Long-term or strategic planning is well established in literature and in practice, particularly in the private sector. So the reader may question why our Office is reporting on such a well-established subject.

We have several reasons for describing key planning processes. First, public sector agencies face unique challenges when they try to plan for the long term. Private sector planning experience does not provide all the answers for public sector planning. Second, most government agencies have limited experience in long-term planning. Third, the Government, through its Accountability Project, is providing guidance to agencies on how to develop effective long-term plans. We want to show government agencies the key processes we will look for when we assess their planning processes in future years. Fourth, and perhaps most important, we want to help legislators to appreciate the importance of effective public planning and to engage them in a discussion and debate on this important issue.

The first reason for this chapter requires further explanation. Government environments can make long-term planning challenging. We have described these challenges in previous reports.¹ To prepare long-term plans, government agencies need:

- ◆ Clear direction from Cabinet and ministers, including government-wide priorities and goals. In the public sector, these priorities and goals have often been unclear or not communicated. They also tend to change frequently.
- ◆ Authority to make planning decisions. In the public sector, ministers and supervising agencies often limit individual agencies'

¹ See, for example, Chapter 1 in our 2000 Spring Report and Chapter 1 in our 2000 Fall Report – Volume 3.

authority to make planning decisions. As well, the authority conveyed to agencies is not always clear or applied consistently.

- ◆ Incentives for effective plans and results. In the public sector there has often been limited correlation between results achieved and rewards received.

Elected and appointed officials increasingly recognize these challenges to effective planning in the public sector. We encourage the Government to continue its efforts to remove barriers that agencies face in preparing and carrying out their plans.

Key processes to plan

We developed six broad processes to plan from a review of international literature, reports of other auditors, and previous work of our Office. We also consulted with senior officials from the Department of Finance and Crown Investments Corporation.

To plan effectively, government agencies should have processes to:

- ◆ revisit their purpose and general direction;
- ◆ update goals, objectives, targets, and measures;
- ◆ assess key risks to achieving objectives;
- ◆ update strategies and action plans;
- ◆ communicate their Plans; and
- ◆ evaluate their planning processes.

This listing of broad planning processes does not convey all key aspects of planning, nor does it express the complexity of actual planning processes. For example, one key aspect of planning that does not appear on our list of broad processes is input from staff and stakeholders. In our detailed discussion of each of the broad processes, we note the importance of staff and stakeholder input at each stage of a planning

process. No organization can successfully plan or implement its plan without the input and support of staff and stakeholders.

Stakeholders are individuals or groups with an interest in, or who are affected by, a government agency's decisions. Stakeholders of government agencies consist of legislators, citizens, clients, interest groups, government officials, and other agencies. Depending on the agency, stakeholders may also include the agency's supervising agency² and experts in the agency's services.

Also, planning processes are complex. In practice, processes do not always follow the linear order shown above. Results of some processes may require planners to reconsider decisions made during earlier planning phases. For example, planners may need to reconsider planned objectives or strategies if they discover later that resources are insufficient. Risk assessment is applicable to most key processes even though we identify it as a separate process. Similarly, evaluating the planning process is not only done at the end of the planning cycle, but should be continuous.

The following describes each broad planning process in more depth. For a summary of the detailed processes, see the Exhibit on page 16.

Revisit the agency's purpose and general direction

The success of the entire planning process depends on an agency having a clear understanding of its purpose. An agency's purpose describes what the agency is all about and gives a sense of its general direction. In the public sector, setting and sustaining a clear purpose can be difficult. Ultimately, elected officials direct a public sector agency's purpose. This direction has not always been clear or consistent over time.

At the beginning of the planning cycle, the agency should review its legal mandate, including its authority and responsibility. The agency should agree on its understanding of its authority and responsibility with key

² For example, the Department of Health is the supervising agency of district health boards; the Department of Post-Secondary Education and Skills Training is the supervising agency of regional colleges; and the Crown Investments Corporation is the supervising agency of many Crown corporations such as SaskPower and SaskTel.

stakeholders. Without this agreement, there is little hope for effective performance and accountability. In this context, key stakeholders are supervising agencies, Cabinet and its committees, and the Legislative Assembly.

Establishing or revising the agency's vision clarifies its general direction. A vision is a brief description of an ideal state or preferred future. It inspires and challenges. It is what the agency works toward. The vision must be consistent with the agency's authority, responsibility and governing legislation.

Effective planning processes help an agency to assess the impact of the internal and external environment on how the agency functions and on what it is capable of achieving. This step is commonly referred to as an "environmental scan." An environmental scan assesses what aspects of the agency's internal environment support its pursuit of its strategic direction and what elements are likely to inhibit it from reaching its goals. The scan also considers external forces and trends. Political, economic, social, and technological forces and trends influence how, or whether, an agency achieves its goals. The environmental scan should include consultation with key stakeholders to obtain their perspectives and to consider their needs.

Shared ethical values (or guiding principles) guide the behaviour of staff in carrying out their responsibilities. Shared values support an agency's vision and influence all of its goals and actions. Because an agency's values impact stakeholders (especially clients), they should be consulted on the values an agency adopts. In addition, the agency needs to align its shared ethical values with those of its supervising agency and with government-wide values.

Update goals, objectives, targets, and measures

Once the agency has a clear understanding of its purpose, it needs to decide what it wants to achieve over the medium and long term (goals) and how it will measure its progress.

An agency using effective planning processes will select goals that are consistent with its governing legislation, mandate, authority and responsibility.

The agency should ensure its goals are reasonably consistent with the goals of its supervising agency, with overall government direction, and with the results of the agency's environmental scan. Otherwise, the agency may be working at odds with more senior government goals and its environment. Agencies can have difficulty achieving and maintaining this alignment with higher-level goals. Governments may not clearly communicate their high-level goals. Also, central government direction can shift due to changing political or economic priorities.

Prior to finalizing its goals, the agency should confirm them with its supervising agency, Cabinet, and the Assembly.

For each goal, an agency needs to select one or more objectives. Objectives are measurable results to be achieved that lead to the achievement of a goal. Most agencies cannot work toward the achievement of all of their objectives at the same time or with the same degree of effort. So, it is important to set priorities.

Consulting with stakeholders and experts helps an agency to select and prioritize challenging but realistic objectives. This consultation also aids in ensuring that the agency has stakeholders' support for its objectives. Stakeholder support can significantly influence an agency's success in achieving its objectives.

Priority objectives should be consistent with the results of the environmental scan to maximize the agency's strengths and opportunities. Priority objectives should be consistent with the supervising agency's goals and overall government direction. For reasons described earlier, agencies may have difficulty in aligning their objectives with higher-level direction.

For each priority objective, an agency has to decide on the level of desired performance. The level of desired performance refers to the quantity, quality, and timing of performance. This chosen level of planned performance is called a performance target. Targets are precise, usually quantified, statements of what an agency plans to achieve in a future period. Selecting targets is important because the agency uses them to monitor progress in achieving its objectives and to take corrective action when progress does not meet expectations.

Targets should be challenging but achievable. Stakeholders and experts can provide valuable assistance in setting targets.

Once the agency has decided on its targets, it needs to select performance measures to help it know if it is meeting targets and achieving objectives. Measures are factors used to assess progress toward an identified objective. The agency should choose a few key measures that are useful. Useful measures are relevant, reliable and understandable. Measures should be aligned with the supervising entity's measures.

When selecting measures, the agency needs to consider any limitations on the availability of relevant, reliable information. When will the data be collected? Can it be collected and analyzed at a reasonable cost? In some cases, it may take a few years to develop adequate systems to collect the required data. In other cases, the agency may be able to use information that it already has or that another organization is already collecting.

Assess key risks to achieving objectives

Effective planning processes involve identifying internal and external risks to achieving an agency's objectives and targets. Risk is the possibility that an agency will experience adverse consequences from events or circumstances that will limit its ability to achieve its objectives.

An agency should consider its entire context when identifying risk. Risk may exist in any part of an agency. Risk can arise from client and public relations, service levels and access, and from issues related to compliance with laws, security, technology, and confidentiality.

Various models and frameworks exist that can assist agencies to identify and assess their risks. A sound, comprehensive risk model helps to ensure a complete and consistent risk assessment.

Stakeholders and experts can confirm key risks and help to assess their potential impact.

Update strategies and action plans

Effective planning entails designing and updating strategies and action plans to achieve the agency's objectives and to reduce identified risks. Action plans consist of the specific activities, timelines, and resources to implement the strategies.

There can be many ways to achieve a particular objective. Therefore, the agency should consider alternatives and select the most efficient and effective alternatives within available resources.

The agency should assign responsibilities to individuals and groups together with timelines for each action plan. The agency should ensure that the persons or groups assigned responsibility have the necessary authority to carry out the strategies and actions. Assigning responsibility encourages staff to take ownership of the plan. It also makes them accountable for results achieved. An agency that carries out a planning process without integrating the plan into employees' daily activities greatly reduces the value of planning.

The agency should consider whether its strategies are consistent with those of its supervising agency, overall government direction and the agency's environmental scan. At this point, it is important to confirm the practicality of strategies with key stakeholders.

Government agencies often need to align their strategies with other agencies and with other levels of government (i.e., municipal, federal). This alignment is vital because achieving public policy objectives often requires co-operation. Establishing this co-operation can be challenging for governments.

Sound planning processes involve estimating the resource requirements for each strategy or action plan. Estimates of resource requirements should cover the expected annual and long-term cost (e.g., human resources, capital and technology). Estimates of required resources also comprise the expected cost of strategies carried out by other entities or individuals on behalf of the agency. Estimating costs is important as it helps the agency to make effective tradeoffs.

Governments have limited experience in assigning costs to strategies or action plans. In the past, governments have based their future resource requirements primarily on prior years' inputs (e.g., salaries and supplies). As a result, governments have few reliable cost-accounting systems to tell them the expected cost of their strategies or actions. Cost-accounting systems can be expensive to implement. For this reason, the Government and its agencies will want to be sure they know what long-term results they want to achieve before they start to develop new information systems.

After determining resource requirements, the agency should assess its overall capacity to achieve its objectives and to carry out its strategies and action plans. The agency should consider questions such as: 1) Are available resources adequate to carry out the plan? 2) Is there adequate involvement of senior management, staff, third parties, and stakeholders? 3) Are roles and responsibilities clear? 4) Is there a supportive environment? 5) Are communication processes effective? 6) Are information systems adequate to produce accurate and complete data, including the cost of action plans?

Weak capacity in any of the above areas may decrease the agency's ability to achieve its objectives and to mitigate identified risks. If the agency finds weaknesses in its capacity that it cannot remedy, it may have to adjust its priority objectives.

Communicate the Plan

Good planning processes require an effective communication strategy for the final plan (Plan), both internally and publicly. The Internet enables an agency to publish its Plan widely and inexpensively.

Even though the agency should have received input from staff and stakeholders throughout the planning process, the Plan may be different from what they expected. The agency should ask staff and stakeholders to comment on the Plan to assist it in improving future Plans and processes.

The agency should make final assignments of responsibility to staff for action plans. As well, the agency should engage key stakeholders in co-operating in shared strategies and in monitoring the achievement of

objectives. Engaging key stakeholders involves seeking feedback from them at future dates, e.g., when the agency reports on its results compared to its Plan.

Evaluate the planning process

Timely evaluation of the planning process helps to improve future planning processes. Agencies can aid the evaluation by documenting the planning processes they follow.

Planning team members can provide valuable insight into the strengths and weaknesses of the planning process. The agency should seek this insight soon after completion of the Plan, as memories tend to fade quickly and people move on.

The evaluation should consider the structure of the planning team to ensure it had adequate senior management and staff involvement, and clear authority and responsibility.

The evaluation should also assess the planning process's effectiveness. Process effectiveness includes assessing the adequacy of planning timelines, the input from staff, stakeholders and experts, the coverage of all key aspects of planning, and communications.

Documenting the evaluation results helps to improve the next planning process.

Our recommendation

- We recommend that the Government and its agencies consider the processes to plan outlined in this chapter when they develop or revise their long-term plans.**

Our future plans

In future reports, we plan to use the processes we described here to assess the adequacy of the planning processes used by the Government and its key sectors and agencies.

Exhibit - Detailed criteria for processes to plan

To adequately plan, the Government and its agencies should have processes to:

1. **Revisit their purpose**
 - ◆ interpret authority and responsibility
 - ◆ establish vision and interpret mandate
 - ◆ conduct an environmental scan
 - ◆ decide on shared ethical values (or guiding principles)
 - ◆ confirm purpose with key stakeholders
2. **Update goals, objectives, targets, and measures**
 - ◆ choose goals
 - ◆ select objectives to achieve each goal
 - ◆ prioritize objectives
 - ◆ set targets for each priority objective
 - ◆ decide on performance measures for each target
 - ◆ confirm goals and objectives with key stakeholders
3. **Assess key risks to achieving objectives**
 - ◆ identify significant internal and external risks to achieving objectives and targets
 - ◆ assess risks using a common model or framework
4. **Update strategies and action plans**
 - ◆ consider alternative strategies and action plans to achieve objectives and mitigate identified risks
 - ◆ assign responsibility and set timelines for each strategy and action plan
 - ◆ align action plans with other government agencies that have similar objectives and with environmental scan
 - ◆ confirm practicality of strategies and action plans with key stakeholders
 - ◆ determine resource requirements for each strategy and action plan
 - ◆ assess capability to carry out strategies and action plans
5. **Communicate their Plans**
 - ◆ establish communication strategies based on needs of staff and stakeholders
 - ◆ publish their Plans
 - ◆ request staff and stakeholder input on the Plans' adequacy
 - ◆ assign responsibility and accountability to staff to implement the Plans
 - ◆ engage staff in implementing action plans
 - ◆ engage key stakeholders in monitoring the achievement of objectives
6. **Evaluate the planning processes**
 - ◆ document the planning process
 - ◆ seek input from planning team on the process
 - ◆ reassess structure of planning team
 - ◆ assess process effectiveness
 - ◆ document the evaluation results

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