

**Public plans and annual reports assessments  
—Departments**

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## Main points

In 2003, the Department of Finance established guidelines for preparing public plans and annual reports for all departments and Treasury Board Crown corporations. The guidelines contain a four-year implementation schedule that recognizes that improved public reporting takes time and resources.

The guidelines are based on sound performance reporting principles. These guidelines will enable government agencies to effectively report their progress in achieving their plans.

We assessed the public plans and annual reports of departments and three Crown agencies for the year ended March 31, 2004. We found that the departments generally have met the current content requirements of the Department of Finance's reporting guidelines.

## Introduction

For many years, our Office has encouraged improved performance reporting by the Government and its agencies. In 2003, the Department of Finance set guidelines for preparing performance reports for all departments, Saskatchewan Liquor and Gaming Authority, Saskatchewan Property Management Corporation, and Saskatchewan Public Service Commission.

The Department set out this guidance in its 2003 *Public Performance Reporting Guidelines* together with a four-year implementation schedule. The guidelines are based on public reporting principles developed by the CCAF<sup>1</sup> and set out in a publication called *Reporting Principles—Taking Public Performance Reporting to a New Level*.

The CCAF's publication is the result of a multi-year project on public performance reporting. It involved extensive research and consultation with government managers, auditors, and legislators throughout Canada. All legislative auditors in Canada have agreed to use these reporting principles when assessing government annual reports in their jurisdictions.

Public plans and annual reports of government agencies are key accountability documents. These reports, prepared in accordance with the Department of Finance's guidelines, should help the Legislative Assembly and the public to better assess the performance of government agencies. In this chapter, we report our assessment of 2003-04 public plans and annual reports prepared using the Department's guidelines.

## Our audit objective

The objective of this audit was to determine whether the public plans and annual reports of agencies listed in Exhibit 1 for the year ended March 31, 2004 comply with the applicable content requirements of the Department of Finance's reporting guidelines and the CCAF reporting principles.

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<sup>1</sup> CCAF-FCVI is a public-private partnership that "is a source of support, leading edge research and capacity for members of governing bodies, executive management, auditors, and assurance providers."

We limited our audit to examining the content of the agencies' public plans and annual reports (reports). We did not assess the relevance or reliability of the information in the reports. For example, we did not assess whether agencies selected the performance measures that are the best indicators of a particular strategy, nor did we assess the accuracy, completeness, or validity of underlying information systems or data the agencies used to prepare the performance information.

Throughout the audit, we followed *The Standards for Assurance Engagements* established by The Canadian Institute of Chartered Accountants.

**Exhibit 1 – Listing of agencies assessed**

Department of Agriculture, Food and Rural Revitalization
Department of Community Resources and Employment
Department of Corrections and Public Safety
Department of Environment
Department of Government Relations and Aboriginal Affairs
Department of Finance
Department of Health
Department of Highways and Transportation
Department of Industry and Resources
Department of Justice
Department of Labour
Department of Learning
Liquor and Gaming Authority
Public Service Commission
Saskatchewan Property Management Corporation

**Expectations for reports**

Criteria represent our expectations or the main elements we look for in our audit. The audit criteria listed in Exhibit 2 are based on the full implementation of the Department of Finance's guidelines for public performance reports (see <http://www.gov.sk.ca/finance/>).

The Department of Finance's reporting guidelines recognize that implementing performance reporting principles will take time and resources. Accordingly, the guidelines contain a multi-year implementation schedule that recognizes that some reporting principles are more difficult to implement than others. For example, the guidelines

do not require reporting on key risks, costs of activities, and capacity until future years. As a result, the guidelines do not expect a comprehensive level of reporting requirements for each principle in 2003-04. Other elements from the performance reporting principles such as reporting indicator targets, are not yet expected by the reporting guidelines. The guidelines will also need further refinement after completing the four year implementation schedule to meet all of the CCAF's reporting principles.

**Exhibit 2 – CCAF reporting principles and audit criteria**

The guidelines require the criteria noted in colour for the 2003-04 public plans and annual reports

- 1. Focus on the few critical aspects of performance**
  - focus selectively and meaningfully on a small number of things
  - centre on core objectives and commitments
- 2. Look forward as well as back**
  - set out the goals and how activities contribute to the goals
  - track achievements against expectations
- 3. Explain key risk considerations**
  - identify the key risks
  - explain the influence of risk on choices and directions and relate achievements to levels of risk accepted
- 4. Explain key capacity considerations**
  - discuss capacity factors that affect the ability to meet expectations
  - describe plans to align expectations and capacity
- 5. Explain other factors critical to performance**
  - explain general factors such as changes in the economic, social, or demographic environment that affect results
  - discuss specific factors such as standards of conduct, ethics, and values; or performance of other organizations that influence performance
  - describe unintended impacts of activities
- 6. Integrate financial and non-financial information**
  - explain the link between activities and desired results
  - show spending on key strategies and explain how changes in spending affect results
- 7. Provide comparative information**
  - provide comparative information about past performance and about the performance of similar organizations when relevant, reliable and consistent information is reasonably available
- 8. Present credible information fairly interpreted**
  - present information as credible as reasonably possible
  - explain management's involvement, judgment, and basis for interpretation of performance
  - information is consistent, fair, relevant, reliable and, understandable
- 9. Disclose the basis for reporting**
  - explain the basis for selecting the few critical aspects of performance on which to focus
  - describe changes in the way performance is measured or presented
  - set out the basis on which those responsible for the report hold confidence in the reliability of the information being reported

## Our conclusions and findings

We found that the agencies' public plans and annual reports for the year ended March 31, 2004 contain most of the current content requirements of the Department of Finance's reporting guidelines. The reports provide more performance information than they did previously and thus enhance the agencies' public accountability. We list our findings by principle in Exhibit 3.

The Government does not require the Department of Executive Council and the Legislative Assembly Office to publish performance plans and annual reports. We think these agencies should publish performance plans and annual reports to improve their accountability to the public.

We found that the reports prepared by the Department of Highways and Transportation (Highways) provided better performance information than the other reports we examined. The Highways report covered all of the current content requirements.

## Our future plans

We plan to continue to assess and report on the progress that agencies make to implement the Department of Finance's reporting guidelines in their public plans and annual reports.

Exhibit 3 – Findings by principle

Guideline requirements under each Principle for 2003-04	Findings
<p><b>1 – Focus on the few critical aspects of performance</b></p> <ul style="list-style-type: none"> <li>◆ focus selectively and meaningfully on a small number of things</li> <li>◆ centre on core objectives &amp; commitments</li> </ul>	<p>All agencies have stated a small number of core objectives and commitments. Many of the agencies could improve the link between the environment, trends, issues, and outcomes reported.</p>
<p><b>2 – Look forward as well as back</b></p> <ul style="list-style-type: none"> <li>◆ set out the goals and how activities contribute to the goals</li> <li>◆ track achievements against expectations</li> </ul>	<p>All agencies have set out the planned actions for each of their objectives. Some of the agencies could better describe their achievements and how these achievements met their expectations. Some agencies explained future plans to compensate where they had not met the current expectations.</p>
<p><b>3 – Explain key risk considerations</b></p> <ul style="list-style-type: none"> <li>◆ describes the impact risks have had on performance results</li> </ul>	<p>Most of the agencies provided incomplete descriptions of the impact risks have had on performance results.</p>
<p><b>4 – Explain key capacity considerations</b></p>	<p>Agencies are not yet required to provide any information related to this principle.</p>
<p><b>5 – Explain other factors critical to performance</b></p> <ul style="list-style-type: none"> <li>◆ discuss specific factors such as the performance of other organizations that influence performance</li> </ul>	<p>Half of the agencies adequately described the role other parties play in their organization. Some agencies discussed how they ensured other parties delivered what was expected.</p>
<p><b>6 – Integrate financial and non-financial information</b></p> <ul style="list-style-type: none"> <li>◆ show spending compared to budget for the agency, related funds, loans and guaranteed debt</li> <li>◆ explained significant variances</li> </ul>	<p>Most agencies provided all required financial information for 2003-04. Most agencies provided plausible explanations for significant variances between budget and actual.</p>
<p><b>7 – Provide comparative information</b></p> <ul style="list-style-type: none"> <li>◆ provide comparative information about past performance</li> </ul>	<p>Most of the agencies provided comparative information for at least some of their performance measures. In most cases, agencies described absences of comparative information. Some of the agencies provided reasons for changes from prior years although it was not always clear if the change was positive. Most agencies did not explain what had occurred to maintain or improve performance.</p>
<p><b>8 – Present credible information fairly interpreted</b></p> <ul style="list-style-type: none"> <li>◆ present information as credible as reasonably possible</li> </ul>	<p>Most agencies provided non-financial performance measures. Most agencies presented timely information in a neutral manner. Many agencies could improve disclosure in both the plan and annual report on the level of influence the agency has on results and where it has limited control over factors that impact results. Reports of several agencies seem to present mostly positive results.</p>
<p><b>9 – Disclose the basis for reporting</b></p> <ul style="list-style-type: none"> <li>◆ explain the basis for selecting the few critical aspects of performance on which to focus</li> <li>◆ describe changes in the way performance is measured or presented</li> </ul>	<p>Some agencies could have done a better job in explaining changes in the way performance was measured or presented. All agencies disclosed the data sources used to generate performance results for most indicators. However, agencies did not consistently list the limitations associated with the data. Agencies did not always provide external source references to allow a reader to obtain further information.</p>

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