

Performance Reporting Principles and Guidelines

**Treasury Board Secretariat
May, 2008**



Performance Reporting Principles and Guidelines

Introduction

As a part of the Financial Management Strategy outlined in Budget 2007, Manitoba committed to developing a performance reporting strategy that included Performance Reporting Principles and Guidelines.

Manitoba has developed a set of Performance Reporting Principles to assist departments and major Crown agencies in enhancing their planning and reporting and to encourage increased focus on outcomes. Budget 2008 contained the Principles developed through consultation with departments and major Crown agencies.

This document outlines these Principles and provides additional supporting Guidelines to assist departments. The Guidelines describe each Principle in further detail and offer self-assessment criteria to assist departments to better gauge when they have met the intention of the Principle. The purpose of the Principles and Guidelines is to develop a foundation for departments to better integrate planning and reporting.

Around the world, performance reporting continues to evolve. Manitoba will continue to develop its performance reporting to reflect best practices as the government works to improve accountability and its performance reporting framework. Experience in other jurisdictions has shown that some organizations may develop their performance reporting structures and processes faster than others. However, as organizations gain experience and develop their expertise, performance reporting should continue to show progress.

What is performance reporting?

Performance reporting refers to an integrated system of planning and reporting that is oriented toward achieving outcomes. Performance reporting involves planning (including the production of the Priorities and Strategies Overview (PSO) and the Supplemental Information for Legislative Review (SILR)) and reporting on the plans, including the annual report.

Performance reporting is designed to help:

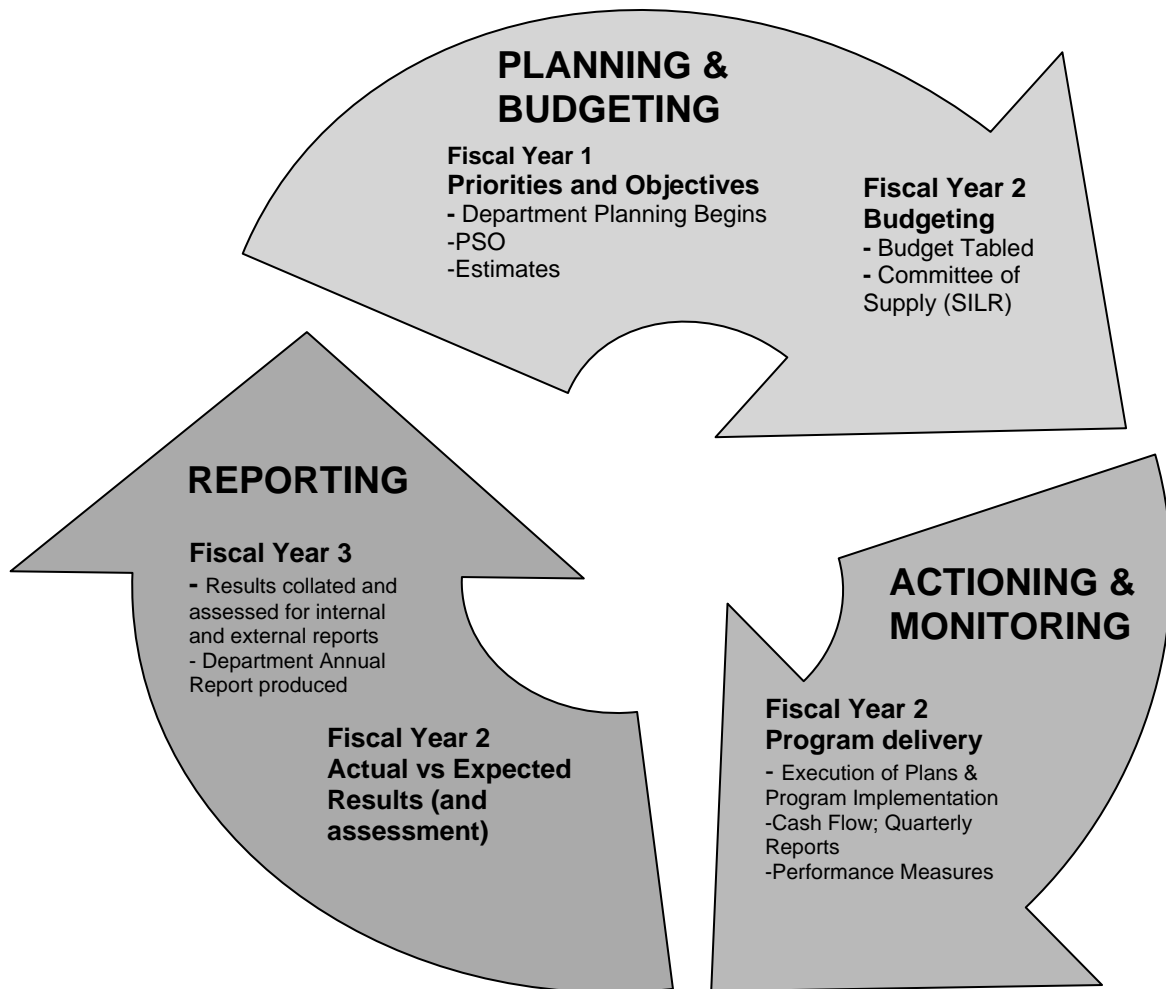
- clarify organizational goals and directions;
- communicate the priorities of the organization;
- monitor progress and make continuous improvement;
- support budgeting and resource allocation decisions; and
- provide information to legislators, the public, media and others about the work of the organization.

Why is performance reporting important?

Reporting on performance is not an end in itself, but an important part of effective management and accountability.

Planning and reporting are an integral part of an organization's ongoing operations and decision-making. Performance reporting should help promote a "continuous improvement" feedback loop where reports on activities and performance provide important information to allow for the best possible decision-making in the next planning cycle.

Planning and Reporting Cycle



How does performance reporting relate to planning?

Planning is a starting point of the performance reporting process.

A good plan will outline the priorities, objectives and actions of the organization under the conditions the organization faces with available resources. Over the course of implementing the plan, the organization will be monitoring progress and adjusting the plan as necessary. At the end of the year, the organization will report on the priorities, objectives, actions and performance of the organization – in essence reporting on the plan. In turn, the report should influence future planning and resource allocation. In a performance reporting model, planning and reporting are two ends of the same process.

It is important to acknowledge that planning and performance reporting occur throughout organizations in many formats and for varied purposes. Good management practice and accountability has led to the development of vast amounts of performance information, some of which should be considered as operationally required, other strategic and some from an accountability perspective. This guide is provided primarily to assist departments in developing department level planning and reporting that integrates the requirements of the organization and the government at a broader level.

Who are performance reports for?

Performance reporting has multiple audiences. Members of the Legislature, the public, stakeholders, and the media are all key audiences of performance reports. In addition, the organization itself is an important user of performance reporting.

What are the Manitoba Performance Reporting Principles and Guidelines?

Manitoba's Performance Reporting Principles were developed after consultations with departments, major Crown organizations and the Office of the Auditor General. The Principles have relied heavily on the principles issued by the CCAF-FCVI¹ and principles used in other jurisdictions to develop a fundamental basis for performance reporting in Manitoba.

Principles at a Glance

- i. The organization's public purpose is explained.
- ii. The organization's priorities relate to overall government priorities.
- iii. Each organizational priority has objectives and actions to achieve them.
- iv. Measures are developed with outcomes in mind, focusing on a few critical aspects of performance.
- v. Financial and non-financial information are linked.
- vi. The strategic context for the plan and reported results is discussed.
- vii. Performance information looks forward and backward in time.
- viii. Information is clear, relevant, credible and balanced.

The Manitoba Performance Reporting Principles will apply to departments and major Crowns in publication of performance information for the 2009/10 planning and reporting year. The Guidelines are primarily designed to assist departments in producing their planning documents and annual reports.

Who should understand and use these Guidelines?

Department planners, performance reporting coordinators, financial officers, department managers and senior managers should all be familiar with the Principles and Guidelines.

¹ CCAF-FCVI is a national, non-profit research and education foundation that researches public sector accountability, management and audit issues.

How are the Principles and Guidelines related to the Instructions for annual reports and plans?

The Principles and Guidelines along with the Instructions are intended to work together to illustrate a framework for performance reporting and provide specific guidance for the production of the plans and reports.

Treasury Board Secretariat issues instructions for the PSO. Annual report instructions and SILR instructions are issued by the Comptroller's Office. These instructions provide a more detailed description of the content and presentation required. They include templates and examples.

How do I use the Principles and Guidelines?

The Manitoba Performance Reporting Principles and Guidelines should be used in conjunction with the annual report instructions and instructions for department plans (PSO and SILR) to better understand performance reporting and how these plans and reports should be presented. These instructions will be amended to reflect the Principles and Guidelines.

In addition to these documents, Treasury Board Secretariat will continue to provide support and assistance to departments.

For more information, contact:

Mark Veerkamp
Coordinator – Performance Reporting
Treasury Board Secretariat
200-386 Broadway
Winnipeg, Manitoba R3C 3R6

Phone: 204-945-1086
Email: Mark.Veerkamp@gov.mb.ca

The organization's public purpose is explained.

Description:

Communicates why an organization exists, what it does, who the organization serves, and how services are delivered. This should include a statement of the vision, mission, and mandate.

Purpose:

To communicate the public purpose of the organization to help the reader understand the work of the organization. Understanding why an organization exists, what it does, who the organization serves and how services are delivered help better understand its performance.

Self-assessment criteria:

Has the organization's vision, mission, and mandate been clearly/explicitly stated?

Have the core values (if applicable) of the organization been stated?

Has an overview of programs, products or services been included?

Is it clear who the organization serves – including clients or stakeholders who rely on programs, products and services?

Has the governance structure of the organization (including legislation, organizational structure and key reporting relationships) been communicated clearly?

If services are delivered through another organization (such as a Regional Health Authority or School Division), has it been explained how those services are delivered?

Principle #2

The organization's priorities relate to overall government priorities.

Description:

Relating the organization's priorities with overall government priorities shows how the broad strategic direction provided by government is being implemented by the organization.

Purpose:

To help ensure department priorities and the broad strategic direction of government are aligned.

Self-assessment criteria:

Are the organization's priorities related to overall priorities provided by government?

In reporting on performance, has the organization referenced how the overall priorities of government have been advanced?

Each organizational priority has objectives and actions to achieve them.

Description:

Linking priorities, objectives and actions provides a clear articulation of the work of the organization and how it will focus its efforts.

A “priority” is a key area of focus of an organization, stated at a high level. A priority may be expressed as a statement of a long term goal or a desired outcome. (e.g. Water Stewardship priority: *Eco-system health: Human induced risks to aquatic life systems are minimized, mitigated or eliminated.*) Priorities will have specific objectives and actions to achieve them.

“Objective” refers to concise, realistic, results-oriented statements of what the organization intends to achieve. (e.g. Water Stewardship objective: *Nutrient levels in the Lake Winnipeg Basin are reduced and nutrient levels in Lake Winnipeg are at 1970s levels.*)

“Action” refers to a specific initiative, strategy, or program which is designed to advance the objective. (e.g. Water Stewardship action: *Implement the recommendations of the Lake Winnipeg Stewardship Board in it’s report to the Minister - December 2006.*)

Purpose:

To promote an outcomes-based approach to the work of the organization. Rather than just focusing on accomplishing the activities of the organization, clearly linking priorities and objectives and actions is intended to ensure that the work of the organization remains focused on its priorities and intended outcomes.

Self-assessment criteria:

Has the organization clearly indicated what its priorities are?

Are the priorities, objectives and actions well-defined and do they support the public purpose (i.e. vision, mission and mandate) of the organization?

Is there a clear link between government priorities and department priorities, objectives and actions?

Has the organization outlined realistic, result-oriented objectives under those priorities?

Has the organization described specific and financially feasible actions that will be or have been undertaken to achieve the objectives?

Measures are developed with outcomes in mind, focusing on a few critical aspects of performance.

Description:

Measures should help to assess to what extent activities are making progress toward the organization's objectives and desired outcomes.

A good set of measures will balance input, output and outcome measures. Measures should be clear and concise, presenting relevant information on what is important to key audiences and the organization. A balance should be found between completeness and concision to focus on providing meaningful information.

Purpose:

To ensure that information presented is focused on the relevant measures of performance, and that it provides an overall picture that is meaningful to key audiences such as members of the legislature, the public, stakeholders and the media. Outcome measures will usually communicate the organizations' achievements more effectively than inputs or outputs.

Self-assessment criteria:

Are the measures aligned with the organization's priorities?

Are measures also aligned with what is important to the government at a high level as reflected in the government's overall priorities?

Is there a clear link between priorities, objectives, actions and measures?

Financial and non-financial information are linked.

Description:

Information about the activities of an organization, performance, and resources should be linked.

Meaningful planning and reporting should put information about the results of activities in context with associated costs.

Purpose:

To link financial information with performance information to help to better assess the impact of resource allocation and improve decision-making regarding future activities and resource requirements.

Self-assessment criteria:

Has planned, actual, and variance expenditure information been provided?

Is it clear what key activities account for the majority of funding?

Does the organization explain the key operational assumptions that drive the financial plan?

Is financial and non-financial information presented in such a way as to help the reader understand how resources and activities affect results?

The strategic context for the plan and reported results is discussed.

Description:

Discusses the context in which plans are made and activities undertaken including:

- the key factors that affect performance (such as economic, social, demographic, or environmental);
- risks and how are they being managed (such as contingency planning);
- capacity of the organization to achieve a result;
- what relationships exist outside of the organization (both in and out of government) and how do these relationships affect activities, and
- other challenges and opportunities.

Purpose:

To provide information about the strategic context of the organization to help better understand the complexity and uncertainty associated with the development and implementation of services and initiatives and the decision-making of the organization in that strategic environment.

Self-assessment criteria:

Has the organization outlined the key factors that affect performance in a concise manner?

Has the organization identified key risks and how they are being managed or addressed?

Has the organization taken steps to develop capacity to meet expected challenges?

How did external events or circumstances affect activities and results?

How did the organization deal with those events or circumstances?

Has the organization identified areas where there are cross-department, cross-agency or inter-governmental initiatives? Does the organization explain the impact these relationships have on performance?

If services are delivered through another organization (such as a Regional Health Authority or School Division), have the responsibilities for service delivery and performance been explained?

Performance information looks forward and backward in time.

Description:

Performance reporting should provide comparative information about past performance and incorporate future expectations, goals, or targets where applicable. A performance report should compare results in relation to prior years' results in order to show whether performance is stable, improving or declining.

Purpose:

To better contextualize the performance information in relation to historical performance and targets or goals that might have been set.

Self-assessment criteria:

Does the performance measure include baseline data and trend information?

Does the organization discuss future expectations, goals, or previously stated targets?

Does the information enable the external reader to understand if performance is improving, declining or remaining stable and why?

Has the organization provided comparative information regarding the performance of other jurisdictions where it is useful or applicable?

Have any inconsistencies in data or the presentation of data been explained?

Has the organization discussed significant variances between actual and expected results?

In the information presented, has the organization considered lessons learned?

Information is clear, relevant, credible and balanced.

Description:

Information should be in plain language, sourced, and provide a balanced assessment of performance. Performance information should be measured and presented as consistently as possible from one period to the next with changes explained. Performance information should also be relevant, focusing on the few critical aspects of performance.

Purpose:

To provide information on the organization and its performance that is understandable and presents an accurate, reliable assessment.

Self-assessment criteria:

Does the information avoid jargon, acronyms and overly technical descriptions?

Is the information presented succinctly?

Is information presented in a manner that helps the reader understand the content and appreciate its significance?

Are successes and shortcomings reported in a balanced way?

Were charts, graphs or other visuals used in a way that enhanced the understanding of the document?

Was there an explanation why measures were chosen and what limitations might exist with the data/indicators?

Are performance measures relevant and measure what they purport to measure?

Are measures consistent from year to year? If not, is there an explanation why not?

Is the performance information sourced?

Is the data accurate, recent, and of sufficient quality?

Definitions/glossary

The following provides a glossary of terms commonly used in performance reporting in Manitoba.

Action: Refers to a specific initiative, strategy, or program which is designed to advance the objective and lead ultimately to outcomes.

Indicator: The yardstick used to inform users of performance information. Some indicators measure outcomes, some measure outputs or inputs.

Input: Something that is put into a system to achieve an output, outcome or result. (e.g. the number of full time employees.)

Measure: Used interchangeably with “indicator”. From reporting period to reporting period, the measure does not change, but the data may.

(e.g. The median wait time for patients to commence cancer radiation therapy is a measure (or an indicator) of Manitobans’ access to health services. In April 2002, the median wait time was 2.1 weeks for all cancer types. As of March 2007, the median wait time for all cancer types was 0.4 weeks. The median wait time for all cancer types is the measure (indicator). 2.1 weeks in April 2002 or 0.4 weeks in 2007 is the data.)

Objective: Refers to a concise, realistic, results-oriented statement of what the organization intends to achieve.

Outcome: A significant consequence attributed to the outputs of an organization. Outcomes may be short, medium or long term. They might be direct or indirect, intended or unintended.

Output: A product or service resulting from the activity of an organization, policy, program or initiative. Examples of outputs are kilometres of road repaired or number of people who received training.

Priority: A key area of focus of an organization, stated at a high level. A priority may be expressed as a statement of a long term goal or a desired outcome, and/or both. (e.g. Water Stewardship priority: *Eco-system health: Human induced risks to aquatic life systems are minimized, mitigated or eliminated.*) Priorities will have specific objectives and actions to achieve them.

Result: The consequence attributed to the activities of an organization, policy, program or initiative. Results can include both outputs and/or outcomes.

Risk: Refers to the chance or probability that a factor might affect performance or the ability of an organization to achieve its objectives.

Strategy: An activity or series of activities that work together to achieve an objective. A strategy is a kind of action.

Strategic context: A set of factors that, when described, help to understand the complexity and uncertainty associated with the development and implementation of services and initiatives and the decision-making of the organization. The strategic context is the setting in which the organization operates. It includes a discussion of the factors that affect performance (such as economic, social, demographic, or environmental), challenges and opportunities, risks and how are they being managed,

capacity of the organization to achieve a result, and what relationships exist outside of the organization (both in and out of government.)

Variance: When referring to financial information, variance is the difference between the expected costs and the actual costs. When referring to non-financial information, variance is the difference between the expected result and the actual result.