

statement of recommended practice

SORP-2

public performance reporting

This Statement is to be read in conjunction with the Introduction to Statements of Recommended Practice.

September 2006

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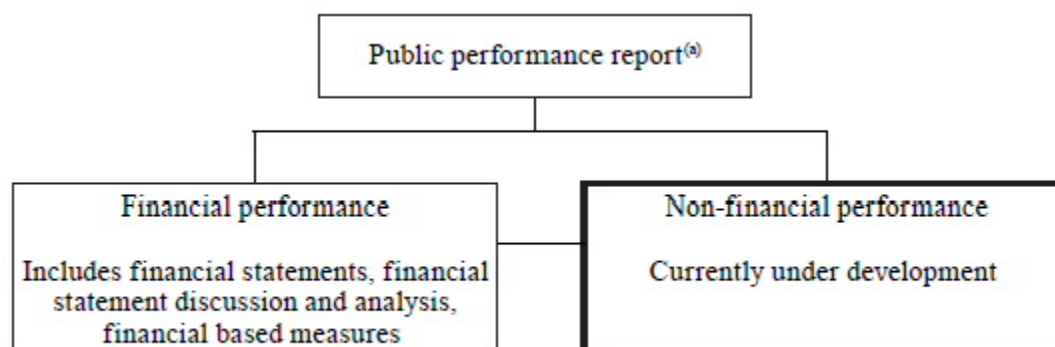
Glossary

PURPOSE AND SCOPE

- 1 This Statement of Recommended Practice (SORP) 1 provides guidance for reporting **performance** information in a public performance report of a government or a government organization. For simplicity, the terms "entity" and "entities" are used throughout this SORP to refer to all governments and government organizations, unless otherwise specifically indicated.
- 2 This SORP offers general guidance. It is not prescriptive with respect to the structure of the report and is not intended as a template for a public performance report.
- 3 Performance is a broad, complex concept with both short- and long-term aspects. The main purpose of a public performance report is to explain in a clear and concise manner the extent to which intended **goals** and **objectives** were achieved and at what cost. Previously, entities focused their attention mainly on **inputs** and **activities**. The primary concern was what resources were being used and how they were being used. These matters continue to be important. However, there is now an increased focus on what is actually being achieved with the resources consumed, in relation to what was planned.

- 4 As illustrated in Figure 1 below, reporting on performance comprises qualitative, quantitative and financial and non-financial performance information. Information related to financial performance has been addressed in FINANCIAL STATEMENT DISCUSSION & ANALYSIS, SORP-1, and elsewhere in the CPA Canada Public Sector Accounting Handbook.

Figure 1 — Public performance reporting



(a) Also known as Accountability Report or Annual/Period-Ending Report.

- 5 This SORP addresses the non-financial performance information of a public performance report, as well as the linkage of financial and non-financial performance information. In addition, information about **governance** practices and **conduct of business** is encouraged to provide a complete and comprehensive picture of the entity's performance.
- 6 Sound public performance reporting can be a powerful tool in promoting better understanding and debate about how resources were used, what was achieved in comparison to what was planned, and how to improve performance. In turn, this understanding and discussion can contribute to:
- (a) better governance and accountability;
 - (b) stronger management;
 - (c) more informed decisions; and
 - (d) greater public trust and confidence.
- 7 This guidance:
- (a) provides a common approach and language about information that needs to be communicated to users;
 - (b) can contribute to an enhanced level of confidence in the information being reported; and
 - (c) can help ensure that the information provided is reliable and valid, relevant, fair, comparable and consistent, and understandable.
- 8 Improving the quality of public performance reporting is an evolutionary process that builds on research, experimentation, practical experience and consensus. Where performance reports are consistently used to make informed decisions, those decisions are likely to improve over time.
- 9 All of the recommended practices outlined in this SORP are interrelated. However, some will require more effort than others to implement and, therefore, full implementation of all of the recommended practices will likely be achieved progressively. In addition, while the recommended practices are equally applicable to entities of varying sizes, the **capacity** of entities to apply the recommended practices will vary. This will also contribute to the progressive implementation of the SORP.

USE OF PUBLIC PERFORMANCE REPORTING

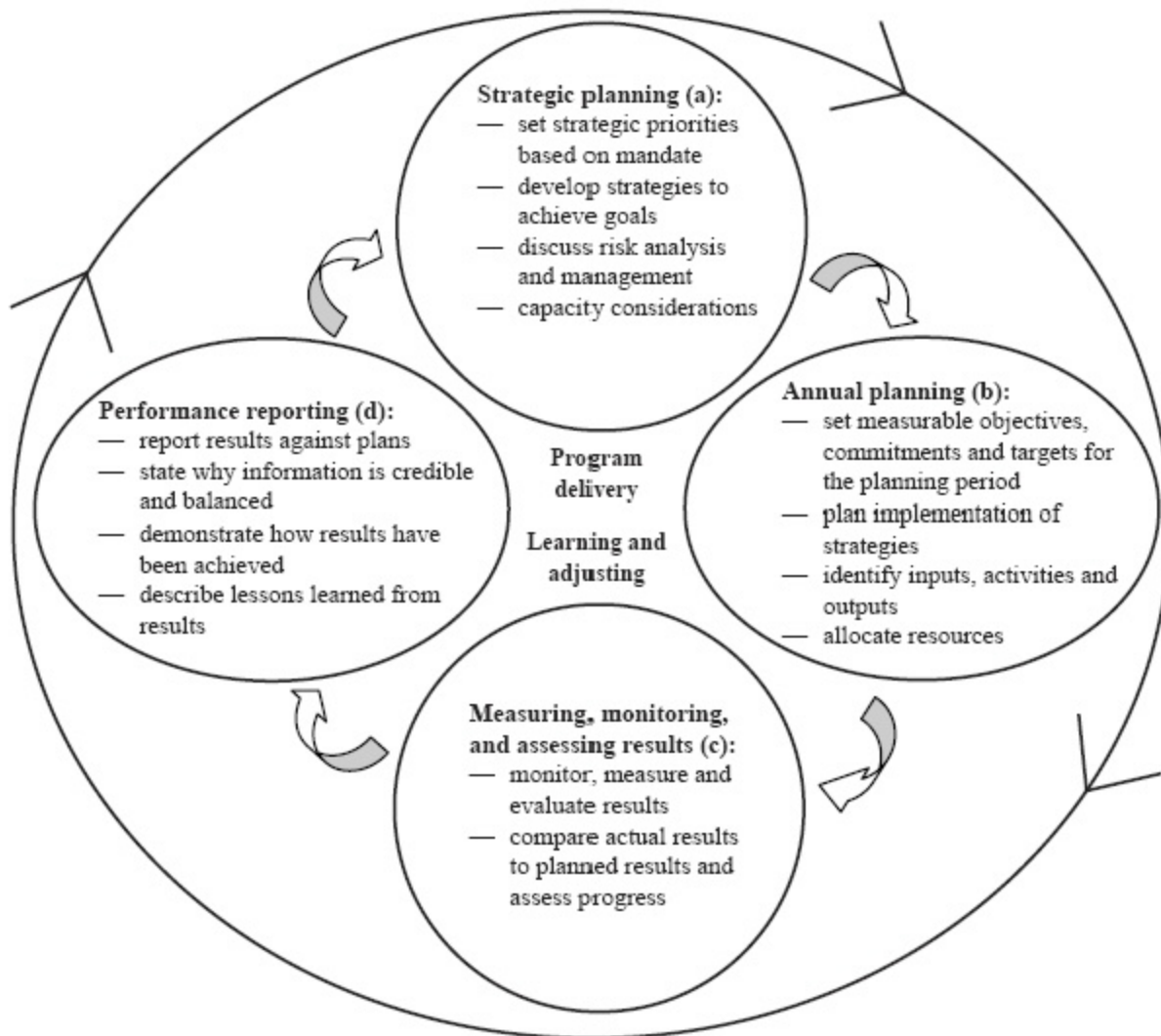
- 10 The public provides the resources necessary for government operations, receives government services and benefits from government programs. Elected officials in legislatures and municipal councils approve budgets and provide the legislative authorities necessary to operate entities. Their common interest lies in what is being achieved with those resources, and whether that public money is being used wisely. Public performance reporting is the main vehicle by which the entity and its responsible elected officials discharge their **accountability** to all elected officials and the public they represent, and is a fundamental aspect of good management.
- 11 The primary users of the public performance report are elected officials and the public they represent. Their perspectives are important in considering what to report and how to report it.
- 12 Other external users of public performance reports include parties or groups to which the entity has made a commitment (for example, a partner in a joint initiative), and key intermediaries such as advocacy groups and the media who play an important role in the public policy, communications and accountability processes.
- 13 The process of developing the public performance report and the report itself play an important role for internal users as well. The act of developing the report creates a shared perspective about the most critical aspects of the entity and how it is performing. As a result, the report not only serves as an external communication tool, but it also helps illustrate the

relationships between internal planning, operations and decision making. A credible public performance report is a key communications instrument within the entity for explaining how the entity is meeting its goals and objectives and contributing to the broader public purpose.

PERFORMANCE REPORTING AND THE MANAGEMENT CYCLE

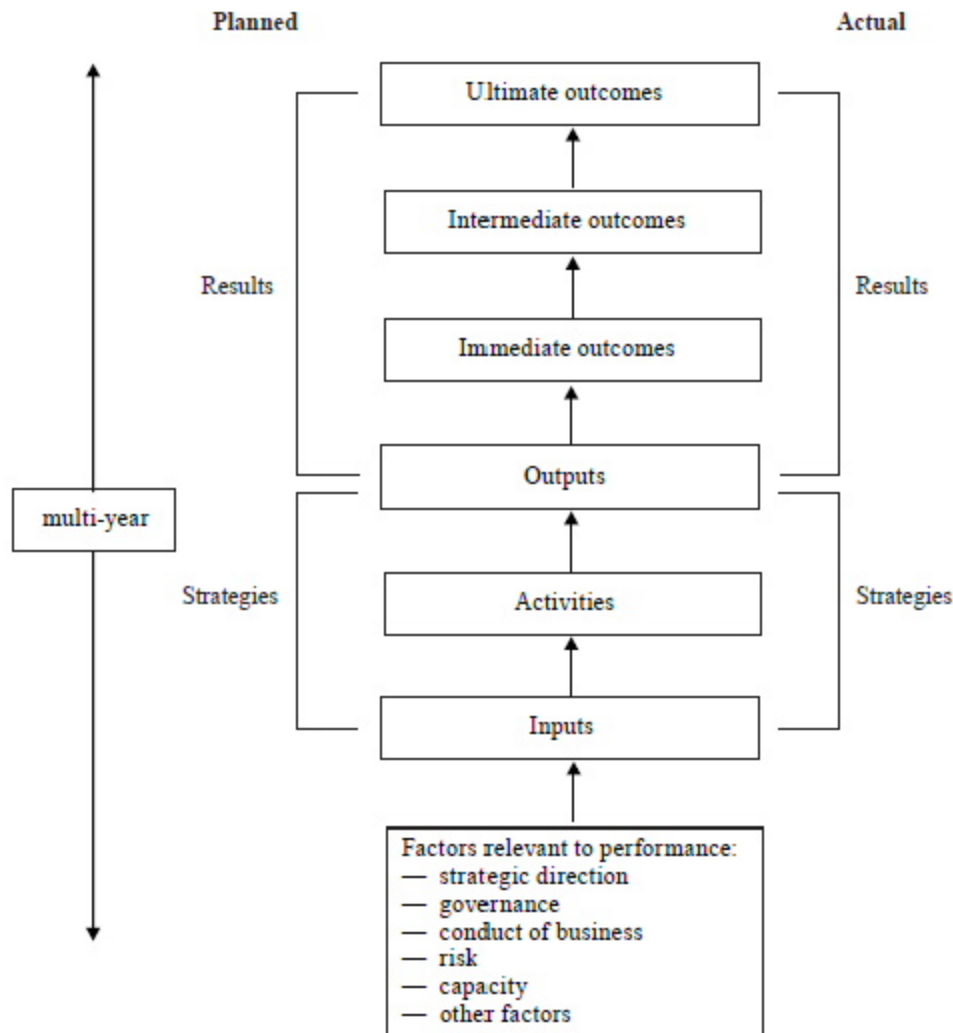
- 14 Public sector entities exist to carry out public policy objectives as set out by legislative mandate, budget, speech from the throne or strategic plan. It is in the context of this environment that public sector performance is reported in order to demonstrate accountability as to how these public policy objectives are being met.
- 15 Well-managed entities operate in accordance with a plan — measuring, monitoring and assessing performance, learning and adjusting throughout the period and publicly reporting on what was accomplished. When the entity implements a continuous performance management cycle, this not only provides information needed to prepare the public performance report, but it also generates the necessary information to assist in internal decision making and to manage for **results**. On an ongoing basis, a performance management cycle enables the entity to assess its progress and adjust to changing conditions, and helps achieve its planned **outcomes**.
- 16 In simple terms, a performance management cycle, as depicted in Figure 2 below, consists of several steps that are interwoven and that flow back and forth. These steps include the following:
 - (a) Developing a strategic plan — This identifies the **strategic direction** and priorities of the entity, establishes its planned results and explains the strategies that will be used to try to achieve those results. The strategic plan often identifies key contextual factors that have influenced decisions about performance expectations, goals and strategies, and any constraints that may impede performance. The strategic plan explains how such contextual factors, risks and constraints will be addressed or mitigated. It also incorporates the lessons learned from previous periods, explaining how they have influenced decisions about performance expectations, goals and strategies, including appropriate changes to strategies as necessary.
 - (b) Developing an annual or multi-year plan — This outlines the objectives and specific commitments or targets of the entity for one or more years. This process identifies the inputs to be used and the activities to be carried out in order to produce the planned **outputs** and contribute to outcomes.
 - (c) Measuring, monitoring and assessing actual results — This involves comparing on a regular basis what is actually being achieved against what was planned. Significant differences between actual and planned results need to be identified and understood. Measuring, monitoring and assessing performance allow an entity to determine which strategies are working as intended and to identify those strategies that require adjustments. Ongoing **performance measures** are an important element in this process. However, they can show only what has happened; they cannot explain why. Where an entity requires a fuller understanding of the impacts of the strategies, both intended and unintended, more in-depth **evaluation** or study may periodically be required.
 - (d) Communicating the extent to which planned results were achieved — The performance report includes a description of the actual results compared with what was planned, explains significant differences and identifies areas for further investigation to determine if changes to performance expectations, targets or strategies are necessary.

Figure 2 — Continuous management cycle



- 17 The environment within which the entity operates is constantly changing due to various reasons, such as changes in the state of the economy, political changes and changes in fiscal position. As a result, planned results, performance measures and strategies may need to be adjusted. As Figure 2 illustrates, the process is continuous, with no start or finish, requiring amendments on a regular basis to reflect changing circumstances and new information.
- 18 One of the steps of the continuous management cycle is performance reporting. Linking inputs, activities and outputs to intended outcomes requires an understood, accepted and logical approach within the entity. The components of public performance reporting illustrated in Figure 3 below make these logical links — they are often called a results chain or logic model.

Figure 3 — Components of public performance reporting — the results chain or logic model



Assessment of Planned Performance Against Actual Performance

- 19 As illustrated in Figure 3, describing performance requires explaining the key strategies that transform inputs into relevant activities and intended results. There are two kinds of results: outputs and outcomes. Outputs are the direct products and services produced by the activities of the entity. Outcomes are the consequences of those outputs that can be plausibly attributed to them. **Immediate outcomes**, the first level of outcome, are in large part directly attributable to the outputs over the short term. **Intermediate outcomes** are usually achieved in the medium term and are expected to logically occur once immediate outcomes have been achieved. **Ultimate outcomes (end or final outcomes)** are the highest level of outcomes that can be reasonably and logically attributed to activities. They are generally long-term in nature and changes at this level are normally attributable to a variety of factors, some outside the control of the entity.
- 20 A public performance report describes what the entity planned to accomplish and how the actual results compared with those planned, including explanations for any significant differences. This process occurs over multiple periods. In reality, the process is never as linear as depicted but includes feedback that shapes results through organizational learning and contributes to better results in future years.

CHARACTERISTICS OF PERFORMANCE INFORMATION

- 21 A public performance report should communicate information that is credible and that embodies the characteristics of reliability and validity, relevance, fairness, comparability and consistency, and understandability.
- 22 The characteristics of performance information are interrelated. If any of these characteristics is missing, the credibility of the report is compromised.
- 23 When considering the characteristics of performance information, having a good understanding of the perspectives of the users of performance reports will contribute to the usefulness of these reports.

Reliability and validity

- 24 Reliable performance information is based on data that can be replicated by independent observers to produce similar results and be independently verified. Information is verifiable if knowledgeable and independent observers would concur that it is in agreement with the underlying data with a reasonable degree of precision.
- 25 Performance measures are valid when they are in agreement with the sources used to prepare them and faithfully represent what they claim to represent.

Relevance

- 26 Performance information is relevant when it is linked to what was stated in the plan, enables users to assess performance and contributes to decision making. Relevant performance information helps users to appreciate those aspects of performance that are seen as key.
- 27 For performance information to be relevant, it must be timely. The usefulness of performance information declines as time elapses and, therefore, performance information would be provided in time to be of value in assessing performance and making decisions.

Fairness

- 28 Performance information is fair when it is free from bias that may lead users to make assessments or decisions that are influenced by the way performance is measured or information is presented. In other words, fair information avoids leading users to false conclusions. Bias may occur when the information presented is chosen with particular interests in mind or because of particular economic or political objectives. Likewise, performance information is not fairly presented when the information emphasizes successes in an unbalanced way and minimizes discussion of matters that did not unfold as planned. In order for reporting to be fair, it must be complete, i.e., key information must not be omitted.

Comparability and consistency

- 29 Comparability is a characteristic of the relationship between at least two pieces of information. It enables users to identify similarities in and differences between the information provided. Comparative information provides a clear frame of reference for users to assess performance in a broader context, thereby enhancing its usefulness. It helps them to judge the appropriateness of performance objectives and the significance of achievements, and to use reported information effectively. Information about past performance shows users whether performance is improving, stable or deteriorating, and may help project into the future. Comparability is also important when discussing or contrasting the performance information of two different entities.
- 30 For comparisons to be valid, the information must be prepared on a consistent basis or differences in circumstances between comparisons being made must be clearly articulated. Consistency in the use of reporting policies and practices from period to period is important since this allows users to have a basis for comparing performance over time and helps prevent misconceptions that might result from the application of different reporting policies, computations or presentations of information in different periods. For example, consistent definitions of terms and calculations for performance measures enhance comparability.

Understandability

- 31 For performance information to be useful, it must be capable of being understood by users. Explanatory narratives would be precise and clearly stated in plain, non-technical language that focuses on critical facts and matters to enable users to obtain reasonable insights or draw reasonable conclusions. Care would be taken to avoid oversimplifying or omitting relevant details, since this may result in misleading forms of presentation.
- 32 A variety of media and methods would be used to help enhance users' understanding. For example, graphs and charts help illustrate the narrative discussion and highlight the progress or shortcomings of current performance against planned performance. Other factors that affect ease of reading and understanding are the organization and sequencing of information.

Practical trade-off between characteristics

- 33 As a practical matter, a trade-off between various aspects of these characteristics is often necessary. For example, there is often a trade-off between the timeliness of producing a public performance report and the reliability of the information presented in it. However, there is a point below which trade-offs are untenable. For example, it would not be appropriate if, in the course of making trade-offs, the performance was no longer fairly presented.

PREPARING A PUBLIC PERFORMANCE REPORT

Deciding what to report

- 34 **A public performance report should focus on the few critical aspects of performance.**
- 35 Focusing on the few critical aspects of performance means that only the key strategies, goals and objectives are described in the public performance report. The entity's measurement strategy would provide sufficient information to assess and report performance relating to a goal or the organization as a whole. Reporting extensive detailed information is not useful. The intent is not to overwhelm the users with excessive information but to provide sufficient information regarding critical aspects of performance for users to better understand what has been achieved during the period. Focusing on the few critical aspects of performance in a public performance report enhances the usefulness of the report by providing a concise picture of performance.

- 36 Identifying the few critical aspects of performance involves assessing what is relevant and significant. Some factors to consider when determining what is critical include:
- (a) commitments and issues raised — follow-up on matters committed to by the entity (speech from the throne, budget, legislative mandate or strategic plan) or any matters of concern raised in prior periods;
 - (b) financial magnitude — generally areas with larger dollar amounts or a higher percentage of the budget warrant more attention;
 - (c) importance to the overall success of the entity — certain areas are essential to achieving goals and objectives;
 - (d) economic, social and environmental impact — certain areas may affect a large segment of the population or environment;
 - (e) interests and priorities of elected officials;
 - (f) corporate / horizontal initiatives — performance across entities would be considered;
 - (g) other users' perspectives about what is important to them and useful for decision making; and
 - (h) policies or strategies that impact other entities — other levels of government or entities in the private sector may have a significant effect.
- 37 Users should be able to use the public performance report to understand reported performance without having to consult other documents. Sufficient detail would be provided so that the analyses and explanations provided are meaningful. A public performance report might start with an executive summary and, for those who need more detail, provide references to companion documents or website links so that users can easily gain access to more detailed information and analysis regarding specific aspects of performance.
- 38 The level of disclosure in a public performance report would reflect the highly aggregated nature of the financial and non-financial information it contains. Balancing conciseness and comprehensiveness are important in reporting performance because of the diversity and complexity of entities.
- Reporting and explaining results**
- 39 The core element of a public performance report is a description of what the entity planned to accomplish and how the actual results compared with those planned, including explanations of any significant differences and lessons learned.
- 40 **The public performance report should describe the strategic direction of the public sector entity.**
- 41 In order to put a public performance report in context, the strategic direction of the public sector entity would be described. The strategic direction reflects an entity's high-level priorities and long-term goals as stated in public policy announcements (for example, legislative mandate, speech from the throne, major public commitments, budgets, strategic plans). A government organization would explain the public purpose served, including its connection to overall government objectives and priorities.
- 42 **The public performance report should describe the planned results for the reporting period and identify the source of the commitments.**
- 43 In order to report progress toward achieving goals, planned results would be identified in a public performance report. Planned results would be stated in terms of outputs and outcomes. Reporting planned results and identifying the source of the commitments (for example, its high-level priorities and long-term goals) provides a frame of reference against which to assess actual results.
- 44 **The public performance report should describe actual results and compare them with planned results, explaining any significant variances.**
- 45 The comparison of actual results to planned results, and the related explanations, are key components of a fairly presented public performance report. Once planned results have been established with respect to goals and objectives, they would be compared with actual results. The public performance report would present the actual results compared to the planned results and explain significant variances between the two.
- 46 The explanation of variances would include both positive and negative aspects of performance, as well as major challenges identified for programs and services, in order to provide a complete picture of performance. The extent to which the report includes details about both objectives that have been achieved and those that have not is likely to affect its usefulness and influence users' perceptions about the report's credibility and objectivity. While there may be reluctance to report on objectives that have not been met, it is nonetheless a necessary element for a complete picture of performance and for a balanced performance report.
- 47 Short-term achievement of objectives affects prospects for long-term realization of goals (i.e., ultimate outcomes). Therefore, when possible, the public performance report would also identify and provide an analysis of the contribution of outputs produced toward the ultimate outcomes.
- 48 This becomes more complex in the case of ultimate outcomes that involve the combined effect of several programs, other entities or changes in the environment. In order for the entity to be able to identify its contribution to these outcomes, often referred to as **attribution**, a range of measurement approaches would be considered. As the scope of the outcome grows and the number of programs, agencies or other levels of government participating in the accomplishment of this outcome increases, more sophisticated data and analyses may be required. Most often this is done within the context of periodic, study-based analysis such as evaluation.

- 49 The aim of sound performance reporting is not to measure precisely the entity's contribution toward the achievement of outcomes and compare it to others. Rather, the aim is to provide a reasonable, evidence-based performance report. Cost considerations are important. The challenge for the entity is to achieve an effective balance in its overall approach to performance assessment, with due consideration to the value added that such data and analyses provide versus the practicality and cost of deploying the methods and tools required to produce the data.
- 50 **The public performance report should provide comparative information about trends, benchmarks, baseline data or the performance of other similar organizations where having these comparisons would be useful to users in interpreting and using the information provided.**
- 51 Comparative information can include a trend analysis where the actual results for the current period are compared against the actual results for prior periods. Including trend information allows users to assess plans, relate current achievements to long-term goals, and assess progress over time. When providing a trend analysis, it is necessary to provide the data for more than two years, as this enhances a user's ability to assess the trend, assuming the information is available and can be presented in a consistent manner.
- 52 Where available and appropriate, comparisons would be made between actual results and the results of other similar organizations or industry benchmarks. Comparisons with other similar organizations or industry benchmarks can be informative as long as significant differences in measures, data definitions and circumstances are noted. Also desirable would be the basis for the selection of the comparators or industry benchmarks.
- 53 **The public performance report should identify significant lessons learned during the reporting period and the implications arising from them.**
- 54 As part of the explanation of significant variances, the public performance report would include a discussion of the potential future implications. This would include an indication of how the lessons learned will be applied and identification of areas that may require further study or evaluation before any final decisions regarding changes to strategies or refining the performance measures can be made. In these situations, users are interested in knowing that the issue is being addressed.
- 55 If a change to a particular strategy is required or an improved performance measure has been identified, or expectations need to be changed, the details of this would be reflected in the subsequent planning documents.
- Reporting on key factors that influence performance and results**
- 56 **The public performance report should include information about key factors critical to understanding performance, including:**
- (a) **identifying significant risks, capacity considerations and other factors that have had an impact on performance and results; and**
 - (b) **explaining the nature of this impact.**
- 57 To assess performance, users need to have an understanding of the key factors that influence performance and results. Issues of **risk** and capacity are particularly important in this regard. Other factors may also be important depending on the circumstances. This information helps users interpret the meaning and significance of the performance data reported and provides the context to understand how earlier decisions made or strategies adopted in relation to these factors influenced the performance and results being reported.
- 58 While the intention is to be transparent about the key factors that influence decisions on goals, expectations and strategies, since they contribute to explaining and understanding the results that have been achieved, it is important not to replicate information that has already been reported in the planning documents.
- Risk**
- 59 Risk refers to factors that may affect inputs, outputs and the achievement of outcomes either adversely or positively. Risk is often assessed in terms of the probability of a negative event occurring or opportunities being missed, and the likely associated impact of that event. The strategic planning documents would generally describe the significant risks and opportunities identified and discuss what the plan is to manage those risks.
- 60 The discussion of risk in the public performance report would be focused on those risks that had a significant impact on performance. Such disclosures will provide users with a better appreciation of the challenges that were faced and will help clarify why certain results proved more difficult to achieve than expected or others were better than expected. Examples of such risks include public health and safety issues, significant political changes, significant unexpected economic changes and significant demographic trends impacting the delivery of an activity.
- Capacity**
- 61 Capacity refers to the ability of the entity to achieve its intended results, including both financial and non-financial resources available to deliver its activities. This includes matters such as having the appropriate authority, human resources (personnel), financial resources (funding / tax base) and infrastructure (including both technological and physical capital) to carry on operations. Another important element of capacity is the extent to which individual departments / ministries, agencies or other entities work together toward the achievement of objectives that they jointly contribute to or share.
- 62 Capacity would be taken into consideration during the strategic planning process. The public performance report would discuss those dimensions of capacity that have had a critical impact on the achievement of results.

Other factors that influence results

- 63 To gain a comprehensive understanding of performance, a public performance report would identify other factors that have had a significant impact on performance. Some of these factors are somewhat controlled through policy decisions, while others are outside the entity's sole control. Some examples include:
- (a) economic, social or demographic conditions;
 - (b) the actions of other levels of government; and
 - (c) conduct of business.
- 64 Reporting on other critical factors that had an impact on performance would include a description of these factors and how they had an impact on performance and the achievement of planned results. Information reported would be both quantitative and qualitative in order to help users appreciate how well these factors are being managed and to contribute to a comprehensive understanding of the impact on performance.
- 65 For example, a sudden or unanticipated change in economic or social conditions within the entity's jurisdiction could have a significant impact on performance. These impacts could be direct (for example, lower revenues than planned) or indirect (for example, increased social services costs). Actions taken by one order of government can have a consequential impact on other orders that influence the entity's performance. To the extent such changes impacted performance, the entity would describe these impacts.
- 66 Another example is reporting on conduct of business — the manner in which the entity achieves its results, including the ethics and values it has adopted. It also includes the steps being taken to reinforce appropriate values in the everyday conduct of public business.
- 67 Where possible, the report would describe, in clear, non-technical language, the impact of these other factors on the outcomes.

Linking financial and non-financial information

- 68 **The public performance report should link financial and non-financial information to show how resources and strategies influence results.**
- 69 It is important to link financial and non-financial performance information to demonstrate to users how entrusted resources were applied during the period and what was achieved as a result. Since inputs are used directly or indirectly to produce outputs (and contribute to the achievement of intended outcomes), this information will assist users in assessing the fiscal stewardship of public resources. When financial and non-financial performance information is linked, results and resources are aligned, and the relationship between them described and demonstrated.
- 70 Since the nature of the relationship between inputs, outputs and outcomes is often neither direct nor straightforward, linking financial and non-financial information is challenging. Illustrating linkages between financial and non-financial information is easier when the entity's management systems also include these linkages. One of the first steps in linking financial and non-financial information is setting goals and key strategies to achieve results. The next step involves aligning financial information and non-financial information with the planned results. Finally, with fully integrated reporting, the relationship between resources and results will be explained, for example, how decisions about goals influenced strategies and funding levels, or how resource availability influenced the selection or achievement of goals.
- 71 Performance information includes information about resources used or costs of programs and services, including information relating costs to outputs and ideally to outcomes. Where possible, cost information includes both direct costs and allocated indirect costs of programs and services. The purpose of allocating indirect costs is to present "full cost" data to assist users in understanding the level and type of resources required to produce outputs.
- 72 A balance exists between meeting public needs and keeping the resources used at a reasonable level, since high-quality effective services must be provided with due regard to costs. The contribution made to an outcome from expended resources would be demonstrated to help the users assess what was accomplished with available resources.
- 73 Assigning actual costs, including overhead costs, to outputs would be done using consistent methodology, and any changes in cost allocations or the allocation methods would be explained. Cost data needs to be gathered and calculated in the same manner between reporting periods to ensure the information is comparable and relevant.

Disclosing the basis for reporting

- 74 **The public performance report should disclose the basis on which it has been prepared. In particular, the public performance report should disclose:**
- (a) a statement acknowledging the entity's responsibility for its preparation;
 - (b) the basis on which those responsible for the preparation of the report have confidence in the reliability of the information in the report;
 - (c) a description of the reporting entity;
 - (d) the rationale for selecting the few critical aspects of performance on which to focus; and
 - (e) any changes made to performance measures during the period, with restatement of prior period measures when appropriate.

- 75 A public performance report is intended to provide a comprehensive, balanced and transparent picture of performance that reflects management's and, as applicable, the responsible elected official's detailed knowledge of entity performance and understanding of users' needs. A public performance report would include a statement of who is responsible for preparing the report and who approved it, and the signature of an appropriate individual.
- 76 The public performance report would also describe what has been done to ensure the reliability of performance information. There is an array of systems and practices that could provide the basis upon which confidence is held in the reliability of the information being reported. Information about reliability may be integrated throughout the report as data are presented and may include a brief statement about investments in systems, internal audit, evaluation and self-assessments of data quality. The report might also refer to relevant audit and evaluation findings, a discussion of limitations and gaps in the information base, plans for improving the information base and suggestions for interpreting and using the data. Data that are known to be inaccurate or misleading would not be reported.
- 77 When undertaken, external assurance can add credibility to a public performance report, which further enhances confidence in the report. Factors that might be considered in deciding to obtain an external audit opinion on a public performance report include:
- (a) the needs of primary users of the report;
 - (b) whether the entity has sufficient experience using the results chain (Figure 3) such that its management systems, processes and culture can be effectively audited;
 - (c) whether the entity uses the performance measures in its public performance report to support resource allocation decisions; and
 - (d) whether the benefits of the external assurance warrant the incremental costs.
- 78 The public performance report would include a description of the reporting entity. In most cases, the reporting entity would be the same as that of the financial statements and FSD&A, which, as noted in Figure 1, would also be included in the performance report. It may also be appropriate to identify the intended users and uses and disclose the extent to which users have been involved in the choice of focus or the selection of measures.
- 79 The rationale used to select the critical aspects of performance that warrant reporting would be provided. The entity would explain the basis on which it has decided to focus planning and reporting on particular aspects or areas of performance. This will assist users in understanding why certain aspects of performance were included while others were not. It will set the scope of the report for users, enabling them to better assess the performance information provided.
- 80 Definitions of the performance measures, descriptions of the calculation methodologies and data sources, and explanations of the relationships of the measures to the goals and objectives enhance understanding of what is being reported. This information would be reported at an appropriate level of detail. References to a website may be an ideal way to provide this information.
- 81 Performance measures may need to be refined or replaced over time with more suitable measures. Moreover, in some instances, a difference between the planned outcomes described in a strategic planning document and those reported in the performance report may arise due to changing circumstances. Any changes in these areas would be described, including the reasons for the change and the implications of such a change. Where appropriate, prior year information would be restated for consistent comparison.

Committing to public performance reporting

- 82 As highlighted, improving the quality of public performance reporting is an evolutionary process that builds on research, experimentation, practical experience and consensus. This will likely be a progressive practice that involves changes in culture, resource allocation, ensuring compatible systems and developing common protocols. It will be necessary to have a structured, planned and often centrally driven approach with strong leadership and a commitment to managing for results. Continual engagement with and feedback from users will be an important element in improving the usefulness of public performance reports.

GLOSSARY

Accountability is a broad concept that requires the entity to answer to elected officials and the public they represent to justify the raising of public resources and to explain the purposes for which they are used. It includes providing useful information for assessing the performance of an entity.

Activities are what the entity does to produce the outputs that contribute to the outcomes. Activities include the processes and initiatives used by the entity to produce its outputs.

Attribution is the extent to which a plausible causal connection can be made between activities and outputs of an entity, policy, program or initiative, and the outcomes they are intended to achieve.

Capacity refers to the ability of the entity to achieve its intended results. Capacity includes both financial and non-financial resources available to the entity to deliver its activities.

Conduct of business refers to the manner in which the entity achieves its results. This includes the ethics and values adopted by the entity. It also includes the steps being taken to reinforce appropriate values in the everyday conduct of public business.

Evaluation refers to the application of systematic methods to periodically and objectively assess the effectiveness of programs in achieving results.

Goals are broad statements that set out a clear long-term and high-level direction indicating what the entity is trying to achieve through its activities.

Governance refers to the exercise of authority, direction and control over the entity.

Inputs are the financial and non-financial resources and authorities given to the entity to carry out activities, produce outputs and accomplish results. Inputs include items such as tax dollars, user fees, transfers, human resources, capital and information.

Objectives are concise, realistic, results-oriented statements of what will be achieved in the short term toward accomplishing goals.

Outcomes are the consequences of those outputs that can be plausibly attributed to them. Outcomes can be distinguished in three ways:

Immediate outcomes are the first level of outcome of the entity's activities. These outcomes are in large part directly attributable to the outputs over the short term. They may include an increase in awareness among a target population. An example of an immediate outcome is reduced speeding on the highway due to sign postage indicating dangerous zones.

Intermediate outcomes are usually achieved in the medium term and are expected to logically occur once immediate outcomes have been achieved. This level of outcome often refers to a change in behaviour in a target population. An example of an intermediate outcome is a reduction in the number of accidents on highways.

Ultimate outcomes (end or final outcomes) are the highest level of outcomes that can be reasonably attributed to activities. They are generally long-term in nature and changes at this level are normally attributable to a variety of factors, some outside the control of the entity. This level of outcome often refers to a change of state of the target population or the whole population for which the entity is responsible. An example of an ultimate outcome is safer highway systems.

Outputs are the direct products and services produced by the activities of the entity. An example of an output is the posting of road signs indicating dangerous zones.

Performance refers to what the entity did with its resources to achieve its results and the assessment of those results against what the entity intended to achieve. Performance is often described in terms of effort, capacity and intent.

Performance measure is a metric used to directly or indirectly measure a particular aspect of performance and can include measures of input, output and outcome. To be meaningful, performance measures must be specific, measurable, achievable, results-oriented and time-focused. An example of a performance measure is the number of accidents compared to the volume of traffic on a highway.

Results are both the outputs produced and outcomes achieved by the entity. Results reflect the purpose for which an activity is performed as set by the goals and objectives. Results can be either actual results or planned / expected results.

Risk refers to factors that may affect inputs, outputs and the achievement of outcomes either adversely or positively. Risk is often assessed in terms of the probability of a negative event occurring or opportunities being missed, and the likely associated impact of that event.

Strategic direction reflects the entity's high-level priorities and long-term goals as stated in public policy announcements (for example, speech from the throne, major public commitments, budgets and strategic plans).

Footnotes

1. Throughout this SORP, terms that appear in bold type are defined in the Glossary.

