

Reporting Principles and An Assurance Program for BC

Progress Report on the February 2002 Recommendations of the Public Accounts Committee of British Columbia Related to Building Better Reports

**Provided by the Government of British Columbia
and the Auditor General of British Columbia
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REPORTING PRINCIPLES AND AN ASSURANCE PROGRAM FOR BC

March 2003

To the Honourable Chair,
Select Standing Committee on Public Accounts,
The Legislative Assembly of the
Province of British Columbia,
Victoria, British Columbia

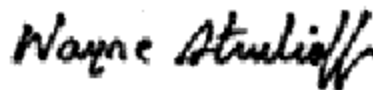
Honourable Member:

This report is being provided in response to the February 2002 request of the Select Standing Committee on Public Accounts.

In its report to the Legislative Assembly, entitled *Review of Auditor General Reports, February 2002*, the Public Accounts Committee asked that government, working with the Auditor General of British Columbia, report on progress in implementing the Committee's recommendations with respect to the development of reporting principles and an assurance program for the British Columbia public sector. These recommendations arose as a result of the Committee's deliberation on the Auditor General's report, *Building Better Reports: Public Performance Reporting Practices in British Columbia* (Report #3, 2001-2002).



Paul Taylor, Deputy Minister
Ministry of Finance



Wayne Streliaff
Auditor General of British Columbia



Dana Hayden, Chief Executive Officer
Crown Agencies Secretariat

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Message from the Deputy Minister, Ministry of Finance and the Chief Executive Officer, Crown Agencies Secretariat

The government is committed to the accountability framework established in the *Budget Transparency and Accountability Act* and to the effort required to make it fully effective. One step that will advance this work is the adoption of agreed-upon principles that will help guide the development of service plans and annual service plan reports.

We believe that ministries, Crown corporations and other government organizations will find these reporting principles useful as they continue to improve the accountability documents that they prepare for legislators and the public. These documents reflect the significant shift that has taken place, to a system that sets performance measures and targets and holds government agencies accountable for the results achieved. The performance management systems that these reporting principles support also create strategic focus within government agencies to align business units and individuals with the performance objectives of the agency and government as a whole.

We wish to acknowledge the efforts of those who work to produce, and constantly improve, service plans and annual service plan reports. We appreciate the interest of those who shared their thoughts and commented on these principles as they were being developed.

We are committed, as well, to the development, over time, of a program that will provide appropriate assurance to legislators on reports prepared by government. We appreciate the work that has been started in this area and are confident that significant progress will be achieved.

Message from the Auditor General

Reaching agreement on reporting principles that can guide meaningful public reporting is a significant achievement—and one I'm pleased to have had a part in. The principles are designed to support an open and accountable government—one that clearly communicates to the public what government strives to achieve and what it actually achieves. But the principles do more than this. They also serve as guidance to those who must prepare such reports, ensuring there is common understanding about the quality and completeness of government's performance reporting. This, I believe, will lead to more mature and meaningful discussions over time about the choices that government makes and the impact of those choices on the people it serves.

Legislators, I know, support such efforts. Last year, the Public Accounts Committee endorsed the principle of independent assurance on the reliability of information contained in the annual service plan reports of government. This was a consequential moment. The Committee recognized that information must be credible to be useful and that independent assurance is the means by which perceptions are changed. Since then, my Office has been working closely

with government officials to determine how independent assurance on performance reports can best be provided. This is not without its challenges. There is no common approach, in either the public or private sectors, to providing such assurance. But it's also an exciting opportunity. We can develop an assurance program for the BC public sector, as legislators have asked us to do, and in doing so we can help shape the quality of independent assurance available in the public sector in general.

It is my hope that legislators—and the Public Accounts Committee in particular—will hold us to this task, calling for regular reports on the progress we make.

Overview

Introduction

In February 2002, the Select Standing Committee on Public Accounts (PAC) reported to the Legislative Assembly on its recommendations arising from the November 2001 report of the Auditor General entitled *Building Better Reports—Public Performance Reporting Practices in British Columbia (2001/2002, Report 3)*¹. Contained in the Auditor General's report was a general assessment of the performance plans and annual reports of government as a whole and of a number of ministries and government organizations.

Based on its review of the report and discussions with both the Auditor General and government officials, the PAC made several recommendations (reproduced at Appendix A).

One recommendation called on government to work with the Auditor General and legislators to seek consensus on public performance reporting principles and criteria for the BC public sector.

Another recommendation urged government to work with the Auditor General to develop and implement a program over time to provide independent assurance about the reliability of the information contained in annual service plan reports. This program was to include the use of pilots.

The remaining recommendations addressed such issues as guidance in plan and report preparation, capacity building in such areas as performance targets and measures, and the active participation of legislators in the development of nationally acceptable standards for performance reporting that reflect the needs of British Columbia's public sector.

¹A second report in the *Building Better Reports* series was published in January 2003. It contains the Auditor General's assessment of the annual reports of 40 government organizations including all the ministries and 18 Crown corporations. The report, entitled *Building Better Reports—Our Review of the 2001/02 Reports of Government (2002/03, Report 7)*, can be obtained from the Auditor General of BC or from his website (www.bcauditor.com)

Purpose of Report

This report is being provided at the request of the PAC. The purpose of this report is to:

- ◆ describe progress made by government and the Auditor General to implement the PAC's recommendations concerning reporting principles/criteria for the BC public sector;
- ◆ outline the approach taken by government and the Auditor General to develop an assurance program that can be implemented over time; and
- ◆ follow up on government's progress in implementing the remaining recommendations of the PAC.

Additionally, this report is intended to solicit the support of the PAC with respect to the reporting principles developed for the BC public sector and for a subsequent progress report on an assurance program.

Process

Representatives from government (including the Deputy Secretary to Treasury Board, the Chief Executive Officer of the Crown Agencies Secretariat, and the Comptroller General) and a representative from the Auditor General's office convened as a Steering Committee in July 2002 to begin work as directed by the PAC. The Steering Committee was supported by staff from the central agencies, two ministries, two Crown corporations and the Auditor General's office.

Initially, the Committee focused its efforts on the development of reporting principles, with consideration given to the performance reporting principles that were emerging nationally from the CCAF-FCVI Inc.² During the development of the BC reporting principles, deputy ministers and CEOs of Crown agencies as well as executive and senior finance officers, members of the Performance Management Round Table, and service plan contacts within the ministries were consulted for their comments and feedback. The principles were adjusted to reflect the feedback received from over 20 organizations.

The reporting principles will be made available via the websites of Treasury Board Staff (TBS), Crown Agencies Secretariat (CAsE), Office of the Comptroller General (OCG) and the Auditor General of British Columbia. As organizations gain experience in working with the principles, additional feedback will be welcomed.

As work on the reporting principles progressed, the Committee turned its attention to developing an assurance program. While work in this area is still in the early stages, the Steering Committee is committed to updating the PAC as its work progresses.

The remaining recommendations of the PAC are solely the responsibility of government; hence, their implementation did not involve the Auditor General of British Columbia.

Summary of Progress

Reporting Principles for BC. Government and the Auditor General have reached consensus on reporting principles and criteria for the BC public sector.

The eight principles and the criteria supporting them are set out in full in Part I of the “Report on Results” section of this report.

There is a high degree of correlation between the BC reporting principles set out in this report and those that have emerged at a national level in Canada. Key differences are

BC’s Reporting Principles

- 1** Explain the public purpose served
 - 2** Link goals and results
 - 3** Focus on the few, critical aspects of performance
 - 4** Relate results to risk and capacity
 - 5** Link resources, strategies and results
 - 6** Provide comparative information
 - 7** Present credible information, fairly interpreted
 - 8** Disclose the basis for key reporting judgements
-

primarily one of emphasis, with some tailoring to reflect the requirements of the *Budget Transparency and Accountability Act* as well as current reporting practices in British Columbia. In summary, the BC principles strengthened the link between concepts by combining principles, such as risk and capacity, and by using more explicit language, such as “link goals and results.”

An important elaboration to the principles was the need for information to be verifiable. This is consistent with the PAC’s endorsement of independent assurance about the information government reports and should help support the Steering Committee in the development of an assurance program.

Lastly, included in the BC reporting principles (but not found as such in the national principles) is a principle entitled “Explain the public purpose served.” This was added to ensure that important contextual information about an organization’s mandate and mission, its programs and services (including the means by which they are delivered), and the way in which it conducts public business would be reported on.

²The CCAF-FCVI Inc. (formerly the Canadian Comprehensive Auditing Foundation) is a national, non-profit research and education foundation. In developing national performance reporting principles, the CCAF consulted with legislators, senior government managers and legislative auditors from across Canada.

Assurance Program for BC. This work is in the early stages. Independent assurance for performance reports is provided in only a small number of Canadian and international jurisdictions, and practice varies considerably. Because there are so few examples from which to draw, the Steering Committee is in many ways breaking new ground. The Steering Committee began its work by defining major issues in a discussion paper on assurance. (See also Part II of the “Report on Results” section of this report.) The following are among the issues raised for discussion and resolution among Steering Committee members:

- ◆ *What is meant by “assurance”?* Assurance is the result of a process by which users of reported information can have confidence in the relevance and reliability of that information. Because assurance is driven by the needs of information users, the Steering Committee started by determining the type of assurance they need at each stage of the planning/performing/reporting cycle.

The Steering Committee will explore the scope of assurance and other issues in pilot studies to be conducted over the next six months to a year. The purpose of these studies is to gain understanding of the feasibility and cost of assurance work.

- ◆ *Who will provide this assurance?* The Steering Committee believes that assurance will be provided by management on performance plans and reports, with information corroborated by independent assurance providers. It is expected that pilots will involve private sector auditors, the organization’s internal audit function where applicable, and the Auditor General of British Columbia.
- ◆ *How will assurance be provided and when will it be done?* The Steering Committee believes assurance reports should accompany information to which the assurance relates. This implies that work leading to an assurance report will need to be done before

the annual service plan reports are issued. Once pilot studies have been conducted and the results evaluated, the Steering Committee will recommend an assurance program with the objective of establishing reasonable expectations that will evolve over time.

- ◆ *What benefits will be derived from the costs incurred?* The Steering Committee will focus on the value gained from the added credibility that assurance work provides, including the balancing of anticipated costs with the expected benefits over the long term. This is particularly important as legislators increasingly use performance information in policy development and decision-making.

Implementation of the PAC’s Remaining Recommendations. Part III provides a status report on the PAC’s remaining recommendations. It notes that a number of interim steps have been taken to highlight emerging principles and criteria and to encourage practitioners within BC to draw on them. This effort will, of course, be significantly aided by the acceptance of the BC reporting principles that are the subject of this report. Efforts to enhance capacity, through extensive training and information-sharing opportunities, are also described.

In addition to the focus on training, the government has made other changes that facilitate three-year planning and linking costs to goals (a key reporting principle). It has adopted three-year fiscal frameworks which provide longer-term fiscal clarity for ministries and organizations. It is also re-aligning sub-votes in the Estimates to more closely match core business areas as described in ministry service plans. This means that costs and underlying information systems will better align with core businesses and associated goals. It should have the added benefit over time of providing more meaningful information that can be reported about planned and actual results.

Next Steps

Over the coming year, the Steering Committee will consider the use of a continuum approach to incorporating the BC reporting principles in the service plans and reports of government. It will also further define a pilot program to be undertaken over the coming months. The purpose of these pilot studies will be to explore the scope of assurance and gain understanding of the feasibility and cost of assurance work.

Pilots will be conducted in both ministries and Crown corporations, and will involve internal audit, private sector auditors and the Office of the Auditor General of British Columbia. The results of these pilot studies will be evaluated and used to develop a recommended assurance program for performance reporting in British Columbia that is achievable and can evolve over time. The Committee looks forward to providing the PAC with a recommended assurance program by March 31, 2004.

Support of the Public Accounts Committee

In its report to the Legislative Assembly, the PAC was clearly interested in the development of reporting principles and an assurance program for the BC public sector, urging legislators to take an active role in these two areas. Consequently, this report seeks the advice and support of the Public Accounts Committee.

In particular, with respect to the reporting principles, would the PAC:

- ◆ endorse the BC reporting principles set out in this report?
- ◆ support the use of the proposed BC reporting principles as a basis for service plan and annual service plan report guidance and review?
- ◆ encourage government and the Auditor General to revisit the proposed principles at a future date to ensure that BC's reporting principles continue to reflect good reporting practices in Canada and internationally?

Additionally, to ensure its work continues to reflect the interests and priorities of legislators:

- ◆ would the PAC formally recommend that the Steering Committee report back by end March 2004 on its progress in developing an assurance program?

Report on Results

Part I: Reporting Principles for British Columbia

In developing reporting principles and criteria for British Columbia, the Steering Committee wanted to ensure its work would be of value to two parties. It thought the reporting principles and criteria should help those who prepare performance reports understand what is required of them, and those who use performance reports understand what they should expect from the reports.

In addition, the Steering Committee considered the uses to be made of the information that government reports by:

- ◆ management – in its day-to-day and longer term decision-making and activities;
- ◆ legislators – in particular, standing committees of the Legislative Assembly, in their oversight role; and
- ◆ the public – in holding government to account.

The Steering Committee believed the reporting principles should serve more than a public reporting requirement. It thought the principles should support the government in using planning and reporting as a tool for managing, integrated with its ongoing management practices. It viewed these activities as a cyclical process — in essence, part of a single package, characterized by regular monitoring and reporting. That’s why, in its work, the Steering Committee tried to ensure the reporting principles could apply to both the plans and reports of government.

At the same time, the Steering Committee recognized the difficulty organizations may face in applying the principles. Judgement will be required to ensure that organizations incorporate all the principles in their reporting in a balanced way, while not losing sight of one principle in particular: that is, “focusing on the few, critical aspects of performance.” Clearly, this process will take time, effort and experience — and, in some cases, organizations may need to build their capacity to implement the management systems that support good reporting.

BC’s Reporting Principles

- 1** Explain the public purpose served
 - 2** Link goals and results
 - 3** Focus on the few, critical aspects of performance
 - 4** Relate results to risk and capacity
 - 5** Link resources, strategies and results
 - 6** Provide comparative information
 - 7** Present credible information, fairly interpreted
 - 8** Disclose the basis for key reporting judgements
-

BC’s Reporting Principles Make Sense

The Steering Committee is recommending eight reporting principles that can help guide government and its organizations in reporting on its service plans and annual service plan reports. In summary, the BC reporting principles are:

- ◆ highly consistent with the national reporting principles recommended by the CCAF;
- ◆ similar to the emerging reporting principles and practices of other jurisdictions;
- ◆ consistent with general thinking in British Columbia, as found in:
 - the *Budget Transparency and Accountability Act*;
 - *Credibility, Transparency and Accountability*, report of the Budget Process Review Panel (the Enns Report);

- the accountability framework set out in the joint report of the Deputy Ministers’ Council and the Auditor General of British Columbia, *Enhancing Accountability for Performance: A Framework and An Implementation Plan*, 1996;
 - Assessment Guide contained in the report, *Building Better Reports – Public Performance Reporting Practices in British Columbia* (Auditor General of British Columbia, 2001/2002, Report 3); and
 - *Model for Effective Performance Management and Accountability* (Office of the Comptroller General, Ministry of Finance, BC), February 2002;
- ◆ supported by criteria or self-assessment questions for each of the principles; and
 - ◆ illustrated with examples of good reporting practices from BC and other jurisdictions.

The criteria supporting the principles is a feature not found in other frameworks or practices, but was developed by the Steering Committee to ensure the BC reporting principles would be better understood and used to improve performance planning and public reporting practices. Over time, these criteria (and the supporting examples accompanying the reporting principles) will need to be revisited as practice in public performance reporting evolves in British Columbia and elsewhere.

The Reporting Principles Were Tailored to Fit BC

To ensure that the reporting principles would reflect the British Columbia context, the Committee often referred to the *Budget Transparency and Accountability Act* and to reporting practices currently in place in BC. The Act, for example, states that the annual service plan report must compare actual results to the expected results as set out in an organization’s service plan. Clearly, this needed to be reflected in any reporting principles that were developed for BC.

In essence, the BC reporting principles differ from the national reporting principles in three ways:

- ◆ *The link between concepts was strengthened by combining principles or using more explicit language.* For example, the strong connection between the national principles on risk and capacity was strengthened by combining them into a single principle. Similarly, more direct language was used to describe the relationship between goals and results.
- ◆ *Verifiability of information was strengthened.* Two of the BC reporting principles elaborate on the need for information to be verifiable, thereby lending support to the PAC’s endorsement of independent assurance about the reliability of information contained in government annual service plan reports.
- ◆ *A new principle was added to emphasize important contextual information.* A principle entitled “Explain the public purpose served” was added to provide for important information about an organization’s mandate and mission, its programs and services (including delivery), and the way in which it conducts public business.

The reporting principles were also amended to reflect the feedback received from over 20 organizations through consultation with deputy ministers and CEOs of Crown agencies as well as executive and senior finance officers, members of the Performance Management Round Table (a forum for sharing information among practitioners), and service plan contacts within the ministries.

Overall, the reporting principles were well-received. While agreeing with the principles in general, many respondents also recognized (and elaborated on) the challenge organizations will face in incorporating the principles—in particular, those associated with performance measures, linking resources, strategies and results, and the trade-offs to be made in providing good quality information in a timely manner.

As a result of this feedback, amendments were made to the proposed BC reporting principles. Some comments, however, will be addressed through other vehicles such as the TBS and CAsE guidelines for service plans and annual service plan reports. Other suggestions, such as giving greater emphasis to the importance of organizational values, to social reporting or to the blending of one or more of the principles may be best addressed later, as reporting practices evolve.

The BC Reporting Principles and Criteria

The BC reporting principles, self-assessment criteria and illustrative examples are set out below. The principles are based on three fundamental tenets that guide public performance reporting practice:

- ◆ First, that the principles support an open and accountable government that clearly communicates to the public what government strives to achieve and what it actually achieves. This should enhance the quality of public performance reporting and performance information available to decision-makers.
- ◆ Second, the principles should provide a framework for a learning organization, which builds on best practices in public reporting, understands reporting requirements and expectations, implements sound reporting practices and takes corrective action if necessary.
- ◆ Third, users of performance information have a basis to understand how performance reports are prepared and can make an assessment about the quality of the reporting they receive.

Included with the reporting principles are criteria. Structured as self-assessment questions, the criteria elaborate on each principle and serve as a guide to incorporating the principles in a plan or report. Examples have also been provided to help organizations think about different ways to incorporate the principles in

their reporting. As practice in performance reporting improves over time, these examples will need to be revisited.

While some of the plans and reports listed in the examples are much longer than recommended, they have been included simply to help stimulate thought as to how a particular reporting principle might be addressed. They are not intended to serve as a template that all organizations should follow.

Some concern has been raised that these principles will lead to duplication of information. This is not the intent. While eight reporting principles have been identified, they should not form the structure of a plan or report. The principles are a way of thinking about the content, completeness and quality of performance reporting. The expectation is that organizations will broadly incorporate all the principles in a plan or report, rather than reporting separately against each principle.

It is clear from experience, and from the feedback received to date, that certain principles will be more challenging to incorporate in the plans and reports than others. As a result, some organizations may take longer to build the processes and structures necessary to support good performance reporting. Clearly organizations will be at different stages toward fully incorporating the principles but, as they gain experience and as practice evolves, organizations should be able to demonstrate steady progress over time.

Finally, the principles were devised to be adaptable to either a service plan or an annual service plan report. Ultimately, organizations will make the decision, based on guidance from TBS and CAsE and on their own best judgement, as to the degree of duplication and level of detail required in the service plan and service plan reports. One option organizations may consider, for example, is providing links to more detailed plans and reports in the electronic versions of a service plan and report. Ultimately, organizations should view the principles as a general guide for good public performance reporting.

BC's Reporting Principles

1 Explain the public purpose served

Reporting Principle

Public performance reporting should explain why an organization exists and how it conducts its business, both in terms of its operations and in the fundamental values that guide it. This is important to interpreting the meaning and significance of the performance information being reported.

It is not just the raison d'être of an organization that matters in understanding its performance. How an organization delivers its programs, products and services is also key. Several ministries, for example, rely on contractors, private/public partnerships, and transfer payment organizations (such as schools, universities, colleges and health authorities) to deliver government programs, products and services. In these cases, achieving the ministry's goals and objectives is a collective, rather than individual, responsibility.

The issue may be somewhat different for Crown corporations. Their governance structures and the roles and responsibilities of the various parties (board, government and the Legislative Assembly) are often complex. Moreover, Crown corporations must balance their public purpose with sometimes competing business interests.

Public sector organizations are expected to carry out their roles and responsibilities consistent with public sector values. In the conduct of public business, how you deliver your programs, products and services matters.

Self-Assessment Criteria

Overall, have you explained the public interest served through your organization, and how it conducts its business?

Have you adequately explained the organization's purpose, as derived from enabling legislation, and its mission?

What are your core business areas and/or the principal markets you serve?

Is it clear who you serve—the clients or stakeholders who rely on your programs, products and/or services?

Have you provided an overview of the programs and services your organization delivers?

Will the reader understand the governance structure of your organization—that is, its key reporting relationships, particularly those that are externally focused?

In the case of subsidiaries, have you described how their mission is aligned with the mission of your organization?

Have you explained how you deliver your programs, products or services through others? And how you ensure they deliver what you want?

Is it clear that your organization is guided by public sector values in delivering its programs, products and services? E.g.:

- ◆ in an ethical manner
- ◆ with fair access to business
- ◆ without personal benefit
- ◆ in accordance with professional conduct

Have you explained any other factors that are critical to understanding your performance?

Examples to Consider:

*BC Buildings Corporation, Service/Strategic Plan
2002-2005*

http://www.bcbc.bc.ca/Corporate/Service-Strategic_Plan/Service-Strategic_Plan_2002-05.pdf

See pages 3 to 5 for a good explanation of the organization's mandate, vision and mission, core services and core values.

*Treasury Board of Canada Secretariat Health
Canada Departmental Performance Report
2000-2001*

http://www.tbs-sct.gc.ca/rma/dpr/00-01/HCan00dpr/hcan0001dpr01_e.asp

See Section II: Departmental Overview for a good description of how Health Canada conducts its business and identifies and explains its core services and core business areas.

Please note that page references are those that appear in the hard copy of the organization's report.

BC's Reporting Principles

2 Link Goals and Results

Reporting Principle

Public performance reporting should identify and explain the organization's goals, objectives and strategies and how the results relate to them.

Planning and reporting should be part of an organization's ongoing operations, systems, and decision-making. This suggests there is a logical flow or an inter-related "chain of events" an organization follows, from its vision, mission and mandate, to its goals, objectives, and strategies, through to its performance monitoring and measuring, to its public reporting.

By monitoring performance, an organization can learn from what has happened and make adjustments to its plan. These adjustments should be reflected in the annual report as an indication to readers that the organization is aware of its successes and is planning steps, where necessary, to address any shortcomings or changes in its environment. Planning and reporting are part of a continuous cycle: the monitoring and reporting of results helps inform future planning, while the planning process sets out the intended results and the strategies to achieve them. In essence, by linking the goals and results of an organization, it will be looking forward as well as back at its performance.

Self-Assessment Criteria

Overall, will the reader understand:

- ◆ **what your organization intends to achieve?**
- ◆ **what it actually achieved? and**
- ◆ **the impact your results will have on your future direction?**

Will readers understand the logical framework—the "chain of events"—that links your plan and report?

Are your goals and objectives well-defined and supportive of your vision and purpose?

Are there clear links between your goals/objectives (i.e. your plan) and your results (i.e. your report)?

Is your assessment of intended and actual results based on good short and long-term performance measures?

Have you explained how short term achievements affect long term goals?

Have you explained any differences between actual versus planned results? And what your organization intends to do about it?

Do your measures and targets reflect the range of issues that:

- ◆ concern the public and legislators? E.g. outcomes as well as outputs, and quality and efficiency measures.
- ◆ are relevant to the organization's goals and objectives?

If your organization relies on alternative delivery systems (such as contractors or public/private partnerships), have you described the performance of the overall system?

Are the outcomes you're seeking reasonable—that is, is there a plausible link between your actions and your intended outcomes?

Examples to Consider:

*Ministry of Forests 2001/02 Annual Report
— A New Era Update*

http://www.gov.bc.ca/prem/down/annual_rpts/11FORWEB.pdf

See pages 17 to 21 for good linkages of goals to business areas, measures, targets and actual results.

*U.S. Department of Housing and Urban
Development Performance Information*

<http://www.hud.gov/offices/cfo/reports/7perinfo2001.pdf>

See page 159 to see how goals, objectives and performance measures (referenced as outcome indicators) are linked. Included is a discussion of results for each measure. Even though this document is lengthy, it has been highlighted because it provides examples, including graphs, of linking goals and results over several years.

Please note that page references are those that appear in the hard copy of the organization's report.

BC’s Reporting Principles

3 Focus on the Few, Critical Aspects of Performance

Reporting Principle

Public performance reporting should focus on the few, critical aspects of performance.

This principle reflects the interest of the audience in the larger, overall picture. **Few** means that the number of goals, objectives and particularly performance measures described are limited in number in the published documents that are directed to legislators and the public. **Critical aspects of performance** address significance, relevance and the focus on results. What is critical is determined, in part, by:

- ◆ what is of importance to the intended users —hence, the focus of reporting should be driven by the likely use of the information as much as by government’s obligation to report;
- ◆ aspects of performance that the government judges as critical to the organization’s success; and
- ◆ what is vital to the organization as reflected in its goals, objectives and intended versus actual results.

Self-Assessment Criteria

Overall, have you presented a clear, concise and balanced picture of your performance?

Does your organization’s plan and report address what’s important to the government at the overall corporate level as reflected in the government’s strategic plan?

Does your plan and report focus on what’s important to the public and legislators? Is it clear what the achievement of the goal means to them?

Are your key results (financial and non-financial) clear and readily apparent?

Have you explained what’s critical to your organization in achieving these goals and objectives?

Does the reader know that more detailed information (such as operating or divisional plans) is available and where it can be accessed?

Are your over-riding goals, objectives and planned and actual results obscured by unnecessary detail or complexity?

Examples to Consider:

BC Hydro Annual Report 2002
http://www.bchydro.com/rx_files/info/info3016.pdf

See pages 46 to 53 for a good explanation of how it focused on and presented the few critical measures in its report.

Alberta Ministry of Human Resources and Employment Business Plan 2002–2005
<http://www.finance.gov.ab.ca/publications/budget/budget2002/human.pdf>

See pages 219 to 225 of the report. Core businesses on page 219 identifies and explains how the ministry's plan links to the overall government plan. Desired Results and Strategies on pages 220 to 225 explains what is critical to achieve each goal in the strategies and what initiatives will result in goal.

Please note that page references are those that appear in the hard copy of the organization's report.

BC's Reporting Principles

4 Relate Results to Risk and Capacity

Reporting Principle

Good performance reporting should report results in the context of an organization's risks and its capacity to deliver on its programs, products and services.

Risk is "the chance of something happening that will have an impact upon objectives. It is measured in terms of consequences and likelihood."³ Risk management is an integral facet of all business processes.

Capacity refers to the ability of an organization to achieve its intended results into the future. Put another way, "a capable organization is one that can continue to do what it does currently, and is flexible enough to do what is required in the future."⁴

In practical terms, capacity is the appropriate combination of authority, funding, people, and infrastructure (including assets, systems and processes) that will allow an organization to achieve its intended results over the long term. This encompasses such matters as:

- ◆ Leadership and Direction
- ◆ People
- ◆ Tangible Assets
- ◆ Resources
- ◆ Reputation

Capacity building is typically the response to an organization's risk assessment.

Self-Assessment Criteria

Overall, do you report whether your organization has sufficient capacity to meet its objectives in the future and manage its risks?

Has there been a shift in your organization's mandate, goals, strategies and/or program delivery? If so, have you explained what the consequences have been or will likely be on your ability to deliver results in the future?

In what respect were your results affected by your:

- ◆ risk management?
- ◆ current capacity?
- ◆ the capacity of others (such as partners or the private sector)?

Have you identified the critical areas where you will need to build your capacity in order to succeed over the long term?

Does your organization have the necessary funds, infrastructure and people in place to meet your objectives?

Does your plan concisely explain the major risks confronting your organization—in the short term and over the long term?

Have you briefly described what is acceptable to your organization in terms of its tolerance for risk?

Have you summarized your strategies for prioritizing and dealing with the risks you face?

³Risk Management Standard AS/NZS 4360:1999

⁴*Measuring Human Resource Capability*, Occasional Paper #13, State Services Commission, Wellington, New Zealand, August 1999, p. 8.

Reporting Principle	Self-Assessment Criteria
<p>Reporting would:</p> <ul style="list-style-type: none"> ◆ identify significant risks and their tolerability; ◆ specific dimensions of capacity involved, such as risk treatment and monitoring; ◆ explain their importance to the organization’s mission, goals or results; and ◆ describe the steps being taken to adjust capacity and/or expectations; or ◆ where capacity is not a consideration, provide a representation to that effect <p>What is appropriate will depend on the public purpose to be served by the organization and the resources available to it.</p>	<p>Have you briefly explained how your key risks have influenced the choices you made about your goals, objectives and strategies for delivering your programs and services?</p> <p>Did you summarize the impact of your strategies and actions in managing risks or capitalizing on your opportunities?</p>

Examples to Consider:

BC Hydro’s Service Plan for Fiscal Years 2002/03 – 2004/05

http://www.bchydro.com/rx_files/info/info1615.pdf

See pages 18 to 20 of the report for sensitivity analysis, which identifies and explains the major risks for the organization and what may impact its performance.

BC Hydro Annual Report 2002

http://www.bchydro.com/rx_files/info/info3016.pdf

See pages 19 to 24 of the report for a good description of its risks and how it has chosen to manage them.

Public Guardian and Trustee of British Columbia 2001-2002 Annual Report

[http://www.trustee.bc.ca/2001-2002 20Annual 20Report 20ws.pdf](http://www.trustee.bc.ca/2001-2002%20Annual%20Report%20ws.pdf)

See pages 26 to 27 of the report for a discussion on its risk management strategies and its capacity limitations.

Please note that page references are those that appear in the hard copy of the organization’s report.

BC's Reporting Principles

5 Link Resources, Strategies and Results

Reporting Principle

Public performance reporting should link financial and performance information to show how resources and strategies influence results. Related to this is how efficiently the organization achieves its results.

This principle is directed at understanding the link between financial and human resources and the organization's performance. It views funding as a means to an end—more specifically, an organization's ability to deliver on its plan—but also recognizes funding as a critical element in an organization's ability to manage its risks and continue operations. Thus linking financial and operational goals, objectives and results is important to any public sector organization.

Self-Assessment Criteria

Overall, is it clear how your funding has influenced your:

- ◆ **goals, objectives and strategies; and**
- ◆ **actual results?**

Is the nature of your funding clear? Have you explained what key activities account for your major funding?

Can the reader make meaningful judgments about your funding decisions? Have you explained your planned and actual costs in terms of your:

- ◆ core business areas (for example, by program, products or services);
- ◆ key goals, objectives and strategies; and
- ◆ results achieved?

Does the reader understand how your current funding compares to past and forecasted funding?

Have you explained the key service planning and delivery assumptions that drive your financial plan?

Have you provided the reader with trend information about your planned and actual expenditures?

Where there are variances, have you explained what happened and why, and what adjustments the organization will be making?

Are your resources (inputs such as dollars and FTEs) linked to your volume/units of services (outputs) in a way that will help the reader understand the efficiency and economy of your operations?

Reporting Principle	Self-Assessment Criteria
<p>continued . . .</p>	<p>Are your decisions surrounding the organization’s strategies explained within the context of available funding?</p> <p>Is it clear how the level of funding or any changes in funding affected the results you were seeking?</p> <p>Have you included information about major capital plans?</p> <p>Have you provided basic financial information (such as financial statements, in the case of Crown corporations)? Are they supported by management’s discussion and analysis?</p>

Examples to Consider:

Ministry of Forests Performance Plan 2001/02 –2003/04

http://www.for.gov.bc.ca/hfd/pubs/docs/mr/plans/2001_02/MOFPerfPlan2001_02.p

See page 33 for good linkages among goals, business areas and expenditures.

British Columbia Securities Commission Annual Report 2001-02

http://www.gov.bc.ca/cas/down/2001_02_annual_reports/bcsc_ar_2001_02.pdf

See pages 28 to 30 of the report for linkages between expenses and business areas.

Alberta Learning Annual Report 2002 Chapter 7 Results Analysis

<http://www.learning.gov.ab.ca/annualreport/2002/results.pdf>

See page 38 to 41 of the report for linking resources to strategies.

Please note that page references are those that appear in the hard copy of the organization’s report.

BC's Reporting Principles

6 Provide Comparative Information

Reporting Principle

Public performance reporting should provide comparative information about past and expected future performance and about the performance of similar organizations when it would significantly enhance a reader's ability to use the information being reported.

Comparability refers to the ability to compare information about an organization's performance with:

- ◆ relevant baseline information drawn from previous periods; and/or
- ◆ internal/external benchmarks drawn from other organizations, statutory regulation and/or non-statutory norms

Comparative information puts the organization's performance in context, allowing a reader to judge:

- ◆ whether an organization's performance is improving, deteriorating or remaining unchanged; and
- ◆ whether targets are ambitious, mediocre or attainable.

To allow for comparisons, there must be consistency in the way information is measured and presented. This includes consistency in the organization's form and content of reporting over time. It should also allow for comparisons with similar organizations.

Self-Assessment Criteria

Overall, does the reader understand:

- ◆ **whether your performance is improving, deteriorating or remaining static, and why?**
- ◆ **what your expectations are for the future?**

Are there clear comparisons in form and content between your:

- ◆ plan and your report?
- ◆ plans and previous results?

Have you provided sufficient information for the reader to judge your performance relative to:

- ◆ your past performance?
- ◆ the performance of others in your sector or industry?
- ◆ sector or industry standards, benchmarks or best practices?

Have you explained any year-over-year data inconsistencies that impact the reader's understanding of the organization's performance?

Have you included multi-year trend data for your funding, outputs and outcomes, including, to the extent possible, forecasting information?

Have you provided relevant economic, social or demographic information to put results into context?

Examples to Consider:

BC Hydro Annual Report 2002

http://www.bchydro.com/rx_files/info/info3016.pdf

See pages 46 to 56 of the report for the corporation's performance measures, most of which have trends and/or benchmarks.

The Alberta Children and Youth Initiative (ACYI) 2000–2001 Annual Report

http://www.child.gov.ab.ca/acyi/pdf/ab_child_initiative.pdf

See pages 21–37 of the report for multi-year trend data and some forecasting information and benchmarks. Most measures include explanations so the reader can understand if performance is improving, deteriorating or remaining static.

Performance Measures by Organization and Program from the United States *Department of Veterans Affairs FY 2002 Performance and Accountability Report*.

http://www.va.gov/budget/report/Performance_Measures_by_Org_2002.pdf

Tables provide comparisons over time showing trend data for a 5-year period and associated target levels. Some data displayed in the tables show the goal status (met/not met). Good descriptions were provided for each measure. (See page 128 of the report for an example.)

Please note that page references are those that appear in the hard copy of the organization's report.

BC's Reporting Principles

7 Present Credible Information, Fairly Interpreted

Reporting Principle

Public performance reporting should be credible—that is, based on quantitative and qualitative information that is fairly interpreted and presented, based on the best judgement of those reporting.

The information presented should strike a balance among the following attributes:

Consistency – means measuring and presenting information consistently from one period to the next, and clearly explaining any breaks in the consistency of reported information.

Fairness – means the information is honestly reported and is neutral or free from bias, with checks and balances against subjectivity.

Relevance – means that information relates to the organization's objectives and the extent to which results are achieved. Results should deal with effectiveness, efficiency and costs.

Reliable – means the information is, in all significant respects, complete or free from significant omissions. Reliable also means the information is reasonably accurate or free from material error. "Reasonably accurate" refers to the cost-benefit of producing reliable information.

Verifiable – means the information can be reproduced or traced and independently verified.

Understandable – means the reporting avoids jargon and vagueness, and is succinct. The information is presented in a format and using language that helps the reader appreciate its significance.

Self-Assessment Criteria

Overall, is the information you report credible (i.e. has integrity) and does it enable the user to readily assess performance?

Have you been complete in your reporting, covering all key aspects of performance?

Are your performance measures relevant? Are they measuring what they purport to measure?

Are you consistent in your reporting of performance measures from one year to the next? If not, have you explained why not?

Are your measures generally accepted as reasonable measures? Are they widely used within your sector or industry?

Is the data you report accurate?

Has the source of the data been identified?

Can the information be traced to a reliable source?

Is the content of your plan and report written in a precise and readily understandable manner?

Have you reported both successes and shortcomings in a neutral manner?

Can the information be replicated or reconstructed, if necessary, from supporting documentation?

Are the conclusions you state in your report fair and sound?

Reporting Principle

Timely – means received in sufficient time to inform decision making. Timeliness for management means information is available for management decision-making on a routine basis. Timeliness for legislators and the public means meeting legislated public reporting timeframe commitments that are designed to inform future policy decisions.

Examples to Consider:

BC Progress Board 2002 Report, Chapter 3 Environment, Health and Society
<http://www.bcprogressboard.com/2002Report/RptCh3.pdf>

See page 82 of the report for an example of how to represent source and data limitations.

Alberta Learning Results Report 2001/2002
<http://www.learning.gov.ab.ca/annualreport/2002/ResultsReport.pdf>

See pages 11 to 15 of the report for layout of outcomes, performance highlights and opportunities for improvement. Each highlight and opportunity is rated against performance targets.

Appendix E: Performance Measure Methodologies (supporting document to the *Ministry of Management Services 2002/05 Service Plan*)
<http://www.mser.gov.bc.ca/rpts/methodology.pdf>

While detailed, Appendix E of the report does provide an example of how to present credible information.

Canada Deposit Insurance Corporation 2001/2002 Annual Report

http://www.cdic.ca/bin/report_e_final.pdf

See pages 2-6 for a layout of objectives, measures, targets and performance against targets.

Performance Data and Performance Measurement (from the *United States Department of Transportation 2001 Performance Report*)

<http://www.dot.gov/performance/appendix1.html>

See pages 1-4 of the report for a discussion on data completeness, reliability, verification, validity and data limitations. See page 5 of the report for an example of identifying measures and including descriptions on the scope, source, limitations, statistical issues, verification and validation, and a comment for each measure. Even though this document is lengthy, it has been highlighted because it provides examples of presenting credible information.

Please note that page references are those that appear in the hard copy of the organization's report.

BC's Reporting Principles

8 Disclose the Basis for Key Reporting Judgements

Reporting Principle

Public performance reporting should disclose the basis on which information has been prepared and the limitations that should apply to its use.

In particular, public performance reports should explain:

- ◆ the basis for selecting the few, critical aspects of performance on which to focus;
- ◆ changes in the way performance is measured or presented compared to previous year(s);
- ◆ the rationale for choosing the performance measures (recognizing, for example, that meaningful quantitative measures may not be easy to identify for some programs);
- ◆ the means of providing assurance on the veracity and completeness of information presented; this may mean external validation, such as through studies done on a national basis comparing provinces or through independent assurance; and
- ◆ the basis on which those responsible for the report hold confidence in the reliability of the information being reported.

The scope of verification may vary, from confirming the accuracy of statistics presented, through expressing opinions on systems of control, to commenting on the relevance of the information presented and whether it was fairly interpreted. (Note that an approach to independent assurance is under development in B.C. See Part II of the Report on Results section of this report.)

Self-Assessment Criteria

Overall, will the reader:

- ◆ **understand the choices you've made in reporting? and**
- ◆ **have confidence in what you report?**

Will the reader understand the basis on which the few, critical things that matter have been determined?

Where changes have occurred in your goals, objectives or performance measures, have you made this clear to the reader? Have you explained why these changes were made?

On what basis are you confident that the data you report is relevant and reliable?

On what basis are you confident that your interpretation of the data is reasonable?

Have you explained the rationale for choosing the performance measures and targets you have?

Have you identified the source and reporting date of your data, and any limitations in its use?

Where your information is incomplete, have you:

- ◆ provided baseline data instead; or
- ◆ indicated when the information will be available?

Has the information been corroborated to other sources to ensure its validity?

Has the information been verified by independent parties?

Examples to Consider:

*BC Progress Board 2002 Report, Chapter 3
Environment, Health and Society*
[http://www.bcprogressboard.com/2002Report/
RptCh3.pdf](http://www.bcprogressboard.com/2002Report/RptCh3.pdf)

See page 79 of the report for a description of why the BC Progress Board chose the performance indicators it did.

*Audit of the Social Security Administration's
Fiscal Year 2001 Financial Statements*
<http://www.ssa.gov/finance/2001/01oigfs.pdf>

This organization included an audit report as a means of providing assurance on the information it provided (see pages 223–229). While this document is lengthy, it has been high-lighted because it illustrates one approach to providing assurance.

*Report on Government Services 2002, Chapter 5
Public Hospitals, Steering Committee
Publication, Australia*
<http://www.pc.gov.au/gsp/2002/chapter05.pdf>

See page 238 of the report as an example of disclosing the basis for key reporting judgements.

*Report on Government Services 2002, Chapter 5
Public Hospitals, Steering Committee
Publication, Australia*
<http://www.pc.gov.au/gsp/2002/chapter05.pdf>

See page 202 of the report as an example of disclosing the basis for key reporting judgements.

Please note that page references are those that appear in the hard copy of the organization's report.

How Will the Principles Be Used?

The BC reporting principles will support:

- ◆ *Plan and report guidance to organizations.* The principles and criteria should help organizations determine what is critical to their purpose, to achieving their results and to telling their performance story. Service plan and service plan report guidelines issued by TBS and CAsE will be updated to reflect these principles.
- ◆ *Assessments of the quality of reporting.* The principles and criteria can serve as an assessment tool for those who prepare and use service plans and annual service plan reports. Moreover, the Auditor General's assessment methodology for reviewing the quality of the service plan reports of government will be adjusted to reflect the BC reporting principles.
- ◆ *Development of generally accepted performance reporting standards for the BC public sector.* Over time, these standards will form the basis on which independent assurance will be provided for annual service plan reports.

To aid in their use as an assessment tool, the Steering Committee will consider the development of a continuum or staged approach to incorporating the principles in reporting in a way that is also consistent with the methodology used by the Auditor General.

PAC Support on the Reporting Principles

As directed by the PAC, government and the Auditor General have reached consensus on reporting principles and criteria for the BC public sector. Given this, would the Public Accounts Committee:

- ◆ endorse the BC reporting principles set out in this report?
- ◆ support the use of the proposed BC reporting principles as a basis for plan and annual service plan report guidance and review?
- ◆ encourage government and the Auditor General to revisit the proposed principles at a future date to ensure that BC's reporting principles reflect good reporting practices in Canada and internationally?

Part II: Assurance Program for British Columbia

It is important that the government of British Columbia is accountable for its performance, and be seen to be accountable, to the citizens and their elected representatives. The requirement for government organizations to issue annual service plan reports, to publicly report actual versus planned results, has been an important step in enhancing the accountability relationship between the government of British Columbia and its citizens.

However, for the information provided in service plan reports to be most meaningful to the citizens of British Columbia, they must have confidence that it is credible. The concept of "assurance" is fundamentally about lending credibility to information. Legislators have recognized the need for information contained in service plan reports to carry with it some assurance that it is credible. The PAC endorsed the principle that independent assurance should be provided on the reliability of information that ministries, government organizations and government as a whole provide in their annual service plan reports, and that assurance be included in the annual reports.

What is not clear is the form that this assurance should take. However, it is recognized by all parties that expectations should be reasonable in relation to how government performance reporting will evolve over time. The PAC recommended that government, working with the Auditor General, develop and implement a program over time to ensure independent assurance is provided and that pilot studies be utilized to explore the best approach.

Although momentum is growing world-wide, independent assurance for performance reports is so far being carried out in only a small number of jurisdictions in Canada, New Zealand and Australia, and practice varies considerably. The assurance frameworks used in each jurisdiction are unique, and there is as yet no common framework analogous to

the CCAF's national performance reporting principles.

In the absence of an assurance framework that can be adapted to circumstances in British Columbia, the Steering Committee is starting very much from scratch. To set the agenda for moving forward, the Steering Committee developed an assurance discussion paper that identified and defined major issues around four key questions.

1. What is meant by "assurance"?

Assurance is the result of a process by which users of reported information can have confidence in the relevance and reliability of that information. There are distinct parallels between the needs of users of financial statements and broader performance information. In both cases, information presented with some form of assurance concerning its relevance and reliability is inherently more credible than information presented without such assurances. Descriptions of what is meant by the relevance and reliability of information are a key element in the BC reporting principles described earlier.

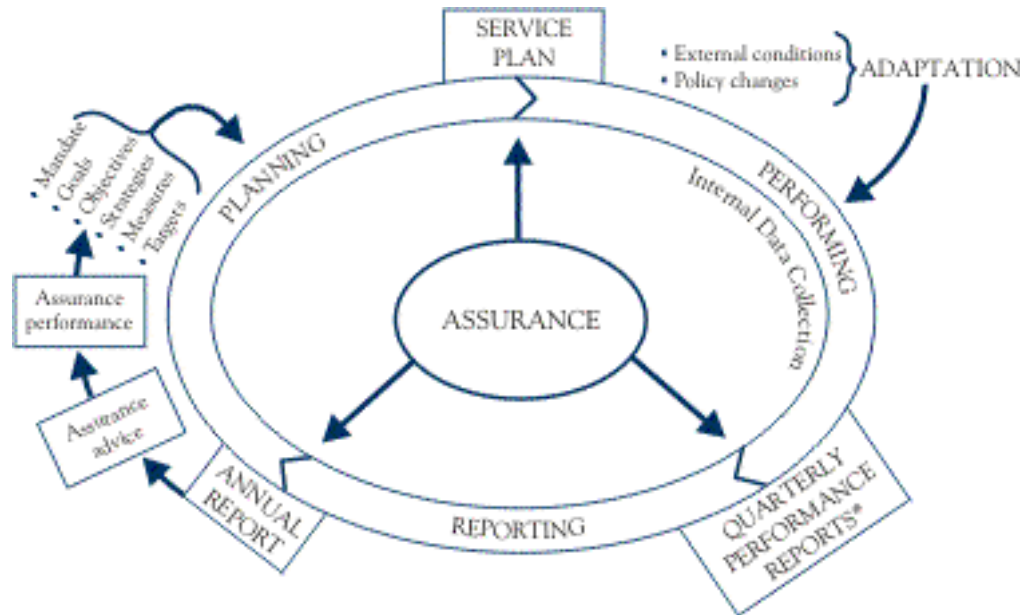
Assurance is driven by the needs of information users; users are provided with information at three key stages in the planning/performing/reporting cycle depicted in Exhibit 1 on the following page. The Steering Committee discussed the assurance needs of information users at each stage in this cycle.

Three kinds of assurance can be provided for performance information:

- ◆ *Affirmed assurance*: the lowest level of assurance, where management acknowledges its ownership of information. Ministers are currently required to provide such assurance under the *Budget Transparency and Accountability Act*;
- ◆ *Described assurance*: where management describes why it is confident information is accurate and relevant; and

Exhibit 1

Planning/
Performing/
Reporting
Cycle



*Some Crown Corporations are providing quarterly performance reports

- ◆ *Corroborated assurance*: where an independent third-party auditor evaluates and provides assurance on information.

The Steering Committee believes all information should carry with it affirmation that management owns the information, and is responsible for its preparation. Consequently, to the extent it is able, management should provide assurances that information is accurate and relevant, and should state the basis for its confidence. The Steering Committee continues to examine appropriate means for management to convey these assurances.

Service plan reports represent the culmination of the accountability cycle, and are the primary means of relating accountability information to users. The Steering Committee

believes the credibility of service plan reports should be enhanced by corroborated assurance from an independent third-party auditor, in addition to the affirmed and described assurances of management. Corroborated assurance would inform users of the extent to which service plan reports fulfill the BC reporting principles and would provide an impartial assessment of the accuracy of information. At this stage, it is unclear how much independent assurance can be provided regarding the relevance of information.

The Steering Committee will examine the scope of assurance and other issues in pilot studies to be conducted over the coming months. The purpose of these studies is to gain understanding of the feasibility, cost and benefit of assurance work.

2. Who will provide this assurance?

To the extent possible, affirmed and described assurance should be provided by management on performance plans and reports, while corroborated assurance should be provided by independent assurance providers on certain information contained in performance reports. For the purposes of pilot studies, it is expected that private sector auditors, the organization's internal audit function where applicable, and the Auditor General of British Columbia will be involved.

3. How will assurance be provided and when will it be done?

Ideally, assurance reports should accompany the information to which assurance relates — an approach endorsed by the PAC in its February 2002 recommendations to the Legislative Assembly. This implies that work leading to an assurance report will need to be done before the service plan reports are issued.

This was the experience in British Columbia where the Auditor General undertook an assurance engagement of the annual report of the BC Public Guardian and Trustee. Based on this and limited practice elsewhere, some lessons can be learned. Among them, for example, is the need for an implementation strategy for the assurance framework that incorporates reasonable expectations for assessing the quality of performance reports as well as the resources and capacity needed to do the work.

To build on this experience, pilot studies will be conducted. Once the results have been evaluated, the Steering Committee will recommend an assurance program with the objective of establishing reasonable expectations. The program will need to recognize the state of performance reporting in British Columbia, that the assurance program will evolve over time, and that the cost/benefit will need to be balanced with timeliness of reporting.

4. What benefits will be derived from the costs incurred?

The Steering Committee will focus on the value gained from the added credibility that assurance work provides, including the balancing of anticipated costs with the expected benefits over the long term. Such comparisons will be subjective due to the intangible but real nature of the benefits to be derived from providing assurance. An analogy may be the reliance capital markets place on the assurance provided on government's financial statements. A further benefit is the reliance legislators will increasingly place on performance information.

The Steering Committee is in the process of implementing a pilot program to be undertaken over the coming months. The results of these pilot studies will be evaluated and used to develop a recommended assurance program for performance reporting in British Columbia that is achievable and can evolve over time.

PAC Support for an Assurance Program

As directed by the PAC, government and the Auditor General will continue to work together to develop an assurance program for the BC public sector. Given this:

- ◆ would the PAC formally recommend that the Steering Committee report back by end March 2004 on its progress in developing an assurance program?

Part III: Implementation of the PAC’s Remaining Recommendations

Status Report from Treasury Board Staff and the Crown Agencies Secretariat

In its February 2002 report to the Legislative Assembly, the PAC made several recommendations in addition to those concerning the development of reporting principles and an assurance program for the BC public sector. Parts I and II of this report set out in detail

the progress that government and the Auditor General have made in implementing the latter two recommendations. However, the remaining recommendations were addressed directly to government and legislators, and did not involve the Auditor General. Progress against these recommendations, as determined by TBS and CAsE, is set out below.

PAC’s Recommendations	Implementation Status					Description
	Fully	Substantially	Partially	Alternative Action	No Action	
<p>Preparation of Plans and Reports</p> <p>Ministries, government organizations, and government as a whole, draw on the criteria and examples cited in the Auditor General’s report and other sources when they develop their plans and annual reports.</p>			✓			<p>Various steps were taken to ensure that those who prepare plans and reports were familiar with the Auditor General’s report, <i>Building Better Reports: Our Review of the 2001/02 Reports of Government (2002/03, Report 7, and the work of the CCAF. References were included in the Guidelines that central agencies prepare, together with Internet links to the documents, and a senior CCAF official was invited to speak to a meeting of practitioners in BC. These efforts will be further reinforced as the reporting principles and criteria that are the subject of this current report are implemented.</i></p>
<p>Guidelines for Plans and Annual Reports</p> <p>When developing guidelines for service plans and annual service plan reports, the government draw not only on the criteria used in the Auditor General’s report, but also on emerging national principles for public performance reporting and other best practices in the public and private sectors.</p>			✓			<p>In addition to the references noted above, each new edition of the Guidelines for plans and reports has been revised, in part to reflect the emerging clarity and common understanding of reporting principles. As noted in the Auditor General’s recent report, <i>Building Better Reports: Our Review of the 2001/02 Reports of Government (2002/03, Report 7)</i>, most of the principles, except for the one related to capacity, have been reflected to some extent. Again, this will be further reinforced as reporting principles are confirmed.</p>

REPORTING PRINCIPLES AND AN ASSURANCE PROGRAM FOR BC

PAC's Recommendations	Implementation Status					Description
	Fully	Substantially	Partially	Alternative Action	No Action	
<p>Disclosure When Harmful</p> <p>That the Crown Agency Secretariat provide direction to Crown corporations on the issue of reporting where disclosure to do so might be harmful to the organization.</p>	✓					<p>In its Service Plan Guidelines, the Crown Agencies Secretariat provides direction to Crown agencies on the issue of reporting where disclosure to do so might be harmful to the organization. These Guidelines state that service plans should not contain information that the <i>Freedom of Information and Protection of Privacy Act</i> does not require to be disclosed or prohibits from being disclosed. However, if exclusion of any other information is required, as disclosure might be harmful, the corporation should identify the information to be excluded and provide an explanation for its exclusion. The explanation should be detailed enough to enable the public to understand the rationale for exclusion.</p>
<p>Capacity Building</p> <p>That government support organizations in building their capacity in such areas as three year planning, performance targets and measures, reliability of data, and linking costs to goals.</p>		✓				<p>To enhance capacity, the government officially sponsors two performance management course offerings, funded by Employee Learning Services. Ten sessions of the two-day "Performance Measurement in the BC Public Service" course were delivered between November 2001 and December 2002, with 162 provincial government participants attending to date. Of these participants, 33 have gone on to take an additional Trainers course. A 3-hour "Organizational Performance Management Overview" workshop has also been developed. Other occasional training options are available, as well as conferences and the Performance Management Round Table, an on-going regular forum for peer information-sharing among practitioners.</p> <p>The Crown Agencies Secretariat has undertaken several initiatives to provide guidance to Crown agencies on building capacity. These initiatives include workshops for Crown agencies on service planning and performance measurement and reporting. Further workshops are planned for spring 2003 to provide guidance to agencies on performance management. In addition, the Crown Agencies Secretariat created a greater link between the service planning process and the 2002/03 budget process for Crown agencies by introducing and providing direction on performance-based budgeting.</p>

REPORTING PRINCIPLES AND AN ASSURANCE PROGRAM FOR BC

PAC's Recommendations	Implementation Status					Description
	Fully	Substantially	Partially	Alternative Action	No Action	
<p>Engagement of Legislators & Government</p> <p>The Committee notes that the CCAF-FCVI Inc. is developing national performance reporting principles, based on consultations with legislators and governments across Canada. Therefore the Committee recommends that legislators and government consider active participation in this process and other activities that contribute to the development of nationally acceptable standards that reflect the needs of British Columbia's public sector.</p>			✓			<p>To assist the CCAF in its work and assure the quality of the final document, the CCAF formed a network of interested and knowledgeable individuals to review and provide comments on a pre-completion of its final report on reporting principles. The BC members of the Consultative Network Review included the Deputy Secretary to Treasury Board, the Chief Executive Officer, Crown Agencies Secretariat and the Comptroller General.</p> <p>Additionally, an important step is being taken to involve legislators in the development of reporting principles for British Columbia. An in-depth session will be suggested to the PAC to present the proposed reporting principles, to report on progress to date on its remaining recommendations, and to discuss related performance reporting issues.</p>

Appendix

Building Better Reports –Recommendations of the Public Accounts Committee, February 2002

The following is an extract from *Review of Auditor General Reports, Select Standing Committee on Public Accounts, Report to the Legislative Assembly, February 2002*

Chapter: Auditor General Report No.3, 2001-2002, Building Better Reports— Public Performance Reporting Practices in British Columbia

COMMITTEE RECOMMENDATIONS

With regard to the Auditor General's first recommendation, the Committee recommends that ministries, government organizations, and government as a whole, draw on the criteria and examples cited in the Auditor General's report and other sources when they develop their plans and annual reports.

With regard to the Auditor General's second recommendation, the Committee recommends that when developing guidelines for service plans and annual service plan reports, the government draw not only on the criteria used in the Auditor General's report, but also on emerging national principles for public performance reporting and other best practices in the public and private sectors. Further, the Committee recommends that government work together with the Auditor General and legislators to seek consensus on the public performance reporting principles and the criteria that should be used for the B.C. public sector.

The Committee endorses recommendations Nos. 3 and 4 of the Auditor General's 3rd report for 2001/2002, *Building Better Reports: Public Performance Reporting Practices in British*

Columbia, and recommends the same to the Legislative Assembly.

With regard to the Auditor General's recommendation No. 5, the Committee notes that the Canadian Comprehensive Auditing Foundation is developing national performance reporting principles, based on consultations with legislators and governments across Canada. Therefore the Committee recommends that legislators and government consider active participation in this process and other activities that contribute to the development of nationally acceptable standards that reflect the needs of British Columbia's public sector.

With regard to the Auditor General's recommendation No. 6, the Committee endorses the principle that independent assurance should be provided on the reliability of information that ministries, government organizations and government as a whole provide in their annual service plan reports and that assurance should be included in the annual reports. However, because both the principles for such reporting and the methodology for providing assurance thereon are still evolving, the Committee believes it would be premature to seek legislative amendments in this regard.

Therefore the Committee recommends that:

- ◆ government working with the Auditor General develop and implement a program over time to ensure that independent assurance is provided and report back to this Committee on progress;
- ◆ as part of this program development, pilot studies be utilized to explore the best approach for providing comment on the reliability of information in service plan reports; and
- ◆ progress be assessed before decisions are taken on whether and when specific amendments to legislation may be appropriate.

