

# BUILDING BETTER REPORTS: OUR METHODOLOGY FOR ASSESSING THE ANNUAL SERVICE PLAN REPORTS OF GOVERNMENT

## Our Commitment to Assessing Service Plan Reports

With the passage of the *Budget Transparency and Accountability Act* in 2000, legislators made clear their desire for a more meaningful and rigorous public scrutiny of government performance. Under the Act, ministries, government organizations and government as a whole must provide three-year service plans and report annually on their performance against their plans. To help ensure that the performance information is meaningful, the Office of the Auditor General has committed to carrying out a regular assessment of the quality of the reporting contained in the annual service plan reports of government. The results of these assessments are published in our series of reports entitled *Building Better Reports*.

To date, we've issued four publications in our *Building Better Reports* series. Our fifth assessment, focusing on the 2004/05 annual service plan reports of government, will begin in July 2005 as the reports come available. The methodology we'll use to assess the reports is described below.

## Our Assessment Methodology

***The Learning Model and the Assessment Matrix.*** Our assessment of the annual service plan reports of ministries and Crown corporations uses a learning model approach. The learning model assesses the degree to which each of the eight BC Reporting Principles has been incorporated in a report, using four stages of development. The four stages of development are: *Start-up, In Process, Fundamentals in Place and Fully Incorporated.*

The learning model is based on a series of questions contained in our assessment program. The questions were derived from the self-assessment criteria outlined in the BC Reporting Principles. The answers to these questions are then placed on our assessment matrix, which outlines the characteristics at each stage of reporting for each principle. The criteria described under each stage of development are meant to be cumulative – Fully Incorporated builds on Fundamentals in Place, and so on.

### The BC 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

The learning model recognizes that it will take some time and effort before organizations will fully incorporate each of the reporting principles. Using the learning model over a number of years will allow us to assess this progress. The Assessment Matrix makes no suppositions about the pace of progress – in other words, it does not specify the stage of development an organization should have reached by now or over time. We hope that, in time, all organizations will reach the Fundamentals in Place stage for each principle. Fully Incorporated represents a standard of excellence to which all organizations should aspire.

Here’s an example of what the assessment of a hypothetical organization will look like:

**Annual Service Plan Report Assessment Over Time – A Hypothetical Example:**

Stage of Development	Reporting Principles							
	Public Purpose Served	Link Goals & Results	Few, Critical Aspects	Risk & Capacity	Resource, Strategies & Results	Comparative Information	Credible Information	Key Reporting Judgements
Fully Incorporated		●	●					●
Fundamentals in Place	●	◎	◎			●	●	◎
In Process	◎	○	○	●	●	◎	◎○	○
Start-Up	○			◎○	◎○	○		

● 2005      ◎ 2004      ○ 2003

In October 2003, the Legislative Assembly’s Select Standing Committee on Public Accounts (PAC) formally endorsed the BC Reporting Principles as a basis for annual service plan report guidance and assessment. The PAC’s endorsement provided us with an opportunity to revise our assessment matrix. We took this opportunity to also incorporate a number of suggestions from users both inside and outside of the OAG to make the matrix more user-friendly. The assessment matrix

- better reflects the BC Reporting Principles and related self-assessment criteria,
- makes it clear we are assessing the quality of reporting, not the quality of performance of organizations,
- emphasizes active language over passive, and
- makes it easier for users to differentiate between stages of development, and see the progress of key reporting characteristics over each stage.

The impact of most of these changes made the matrix easier to use in 2004, rather than changing the substance of what is being assessed, or how it is placed on the range between start-up and fully incorporated. Results from this year’s assessments will be directly comparable to those from last year.

# ASSESSMENT MATRIX FOR ANNUAL SERVICE PLAN REPORTS

## Principle 1—Explain the public purpose served

**Public performance reporting should explain why an organization exists and how it conducts its business. 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 an 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.

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The matrix is based on the following assumptions about how an organization incorporating this principle will progress:

- from only briefly explaining its programs and services—to describing clients, markets and stakeholders
- from focusing strictly on what the specific organization does—to including the relationship and accountability of key partners and subsidiaries
- from merely listing organizational values—to describing how the organization knows these values guide daily operations

<b>Principle 1—Explain the public purpose served</b>			
<b>Start-up</b>	<b>In Process</b>	<b>Fundamentals In Place</b>	<b>Fully Incorporated</b>
<p><i>Public Purpose, Mission</i> The report adequately explains the organization’s public purpose, as outlined in enabling legislation, and it adequately explains the organization’s mission.</p> <p><i>Programs &amp; Services</i> A report just starting to reflect this principle will provide an overview of the programs and services the organization delivers.</p> <p><i>Accountability</i> Not described.</p> <p><i>Organizational values</i> The report lists the values that guide the organization’s operations.</p>	<p>The report describes the organization’s core business areas, and the programs, services or products provided by these.</p> <p>The report clearly identifies clients, key stakeholders and, when relevant, the markets served.</p> <p>The report clearly explains the governance structure under which the organization operates. That is, its key reporting relationships, often those that are externally focused. (Crown corporations, for example, will refer to their boards and to their accountability to government.) Similarly, accountability relationships with key partners and subsidiaries are described.</p> <p>The report has only begun to describe how public sector values guide the organization’s operations.</p>	<p>The report explains how the organization delivers programs, products or services through others, and how it ensures others deliver what it wants.</p> <p>The report makes clear that the organization is guided by public sector values in delivering its programs, products and services. For example: in an ethical manner, with fair access to business, without personal benefit, or in accordance with professional conduct.</p>	<p>The report explains any other factors that are critical to understanding performance. (For example: independence, competition, or public organizations with similar, complimentary or overlapping mandates.)</p> <p>The report describes how the missions of subsidiaries are aligned with the organization’s own mission.</p> <p>A report that has fully incorporated this principle explains that the organization has conducted its business consistent with public sector values and it explains how the organization knows this.</p>

## Principle 2—Link goals and results

**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, organizations can learn from what has happened and make adjustments to their 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.

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The matrix is based on the following assumptions about how organizations incorporating this principle will progress:

- from not clearly identifying and explaining the linkages between goals, objectives, strategies, performance measures and targets—to doing so
- from selecting performance measures because they are readily available (e.g., emphasis on inputs, outputs and milestones)—to reporting measures that reflect the organization’s few, critical areas of performance (e.g., emphasis on outcomes)
- from reporting too little—to too much—to just the right amount of performance information (Prescribing the exact number of measures to report would be misguided. However, many large and complex organizations have been able to distil the essential elements of their performance down to 20 to 25 measures, or fewer)
- from reporting basic inputs and outputs—to reporting on outcomes in the short and long term
- from not identifying variances between planned & actual performance—to providing full explanations for performance variances and what will be done in the future as a result

<b>Principle 2—Link goals and results</b>			
<b>Start-up</b>	<b>In Process</b>	<b>Fundamentals In Place</b>	<b>Fully Incorporated</b>
<p><i>Chain of events, or management framework</i> The report identifies the goals and objectives of the organization. However the reported performance measures may seem to be an ad hoc collection, with unclear linkages to the organizations goals and objectives.</p> <p><i>Nature of performance measures</i> The report may not contain any performance measures or only those that are readily available such as inputs (e.g., dollars spent), simple outputs (e.g., number of courses provided) or the completion of specific activities (e.g., the installation of systems).</p>	<p>There are clear linkages between the goals &amp; objectives, and they are consistent with the organization's mission and public purpose.</p> <p>The report does not make clear some of the linkages between mission or mandate, goals, objectives, strategies and performance measures. As a result, there may be gaps in the integration between what the organization wants to achieve, what it does and how it measures its progress is unclear.</p> <p>The report provides measures for each of its objectives. Performance measures go beyond just inputs and simple outputs towards including more informative outputs (such as efficiency, timeliness).</p>	<p>The report fully explains the links between vision, mission and mandate, to its goals, objectives and strategies, through to its performance monitoring and measuring and concluding with its public reporting.</p> <p>The report explains why performance measures are relevant to the organization's goals and objectives.</p> <p>Performance measurement now focuses on the full range of issues that concern the public and legislators, including outputs (quantity, timeliness and efficiency) some short-term outcomes (the immediate impacts of its activities). However, the report may still contain a large assortment of measures, encompassing both outputs and outcomes, possibly presented in too much detail.</p>	<p>The report contains good short and long-term performance measures. The organization explains how short-term achievements affect long-term goals, including plausible explanations of how the organization's actions resulted in these short-term results, and how these results contribute towards long-term outcomes (reasonable attribution). The contribution of other players and external factors is also disclosed.</p> <p>If the organization relies on an alternate delivery system such as contractors or public/private partnerships, the report describes the performance of the overall system.</p>

<b>Principle 2—Link goals and results</b>			
<b>Start-up</b>	<b>In Process</b>	<b>Fundamentals In Place</b>	<b>Fully Incorporated</b>
<p><i>Variances between planned &amp; actual results</i> Not identified</p>	<p>Variances between planned &amp; actual results are identified.</p>	<p>The report explains variances between planned and actual results. Reference may be made to plans for the future, but often this is simply a restatement of the service plan rather than an informed discussion of what adjustments the organization intends to make to reflect what it has learned from past performance.</p>	<p>The report explains variances between planned and actual results, and what the organization intends to do in the future as a result of the variance.</p>

### Principle 3—Focus on the few, critical aspects of performance

**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 important 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.
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The matrix is based on the following assumptions about how organizations incorporating this principle will progress:

- from not being clear why reported information is important—to clearly presenting why goals, objectives and performance measures are important to the public and legislators
- in conjunction with principle 2, from reporting too little—to too much—to just the right amount of performance information
- from trying to satisfy both internal and external stakeholders—to focusing reporting on the few critical aspects of performance that are of interest to an external audience
- from not linking to government-wide priorities—to addressing what’s important at the overall corporate level as reflected in the government’s strategic plan

<b>Principle 3—Focus on the few, critical aspects of performance</b>			
<b>Start-up</b>	<b>In Process</b>	<b>Fundamentals In Place</b>	<b>Fully Incorporated</b>
<p><i>Goals and objectives</i> It is not clear from the report that the organization selected the goals and objectives that are important to the public and legislators, and to the achievement of its purpose or vision.</p> <p><i>Performance measures</i> It's not clear that the information being reported is relevant to an external audience. As assessed under principle 2, the reports may not contain any performance measures or only those that are readily available such as inputs (e.g., dollars spent), simple outputs (e.g., number of courses provided) or the completion of specific activities (e.g., the installation of systems). These measures are inward-looking and are not likely to be among the “few, critical aspects of performance” that legislators and public would use to judge the organization’s success.</p> <p><i>Government-wide priorities &amp; other sources of information</i> Not linked.</p>	<p>The report has begun to focus on the goals and objectives that are critical to the organization’s stakeholders and to achieving its purpose or vision.</p> <p>The report contains a wider array of performance information than in start-up, but is missing measures related to some critical goals or objectives. Consequently, it provides only some of the “few critical aspects of performance” that legislators and the public would use to judge the organization’s success.</p> <p>The report explains how the organization’s performance is linked to government-wide direction.</p>	<p>The report clearly states why goals, objectives and measures are important, and what achieving them means to the public and legislators.</p> <p>The report explains what’s critical to the organization in achieving its goals and objectives.</p> <p>Reports at this stage contain the “few critical aspects” of performance. But, as assessed under principle 2, the report may still contain a large assortment of measures, encompassing both outputs and outcomes, possibly presented in too much detail or geared towards satisfying many diverse stakeholder groups, rather than focusing solely on telling a coherent performance story to an external audience.</p> <p>Key results (financial and non-financial) are clear and readily apparent.</p> <p>The report address what's important to the government at the overall corporate level as reflected in the government's strategic plan.</p>	<p>The organization’s goals, objectives and results are clearly presented and are not obscured by unnecessary detail or complexity.</p> <p>Performance measures are reported at a level that is meaningful to users.</p> <p>It is clear from the context provided that all the performance information presented, including the performance measures, help tell a clear, concise and complete performance story. The organization has focused its reporting on the areas of importance to its stakeholders and to its purpose or vision.</p> <p>The report makes appropriate reference to companion documents providing more detail (e.g. service plans, risk assessments, etc), and where they can be accessed.</p>



## Principle 4—Relate results to risk and capacity

**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.” 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”.

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.

Reporting would:

- identify significant risks and their tolerability;
- identify specific dimensions of capacity involved – 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

What is appropriate will depend on the public purpose to be served by the organization and the resources available to it.

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Risk and capacity can be discussed individually or as an integrated topic. Discussions about risk and capacity may be presented as a separate heading in the report, or can be integrated into the presentation of key aspects of performance. While the service plan provides a discussion of the risk and capacity issues that are key to the organization, the annual service plan report summarizes this information, focusing primarily on those risk and capacity factors which actually had an impact on performance.

The matrix is based on the following assumptions about how organizations incorporating this principle will progress:

- from reporting only a few risks—to reporting on the key risks related to achieving the organization’s objectives
- from not reporting the strategies employed to manage risks, the impact of risk on results, and the tolerance for risks—to doing so
- from reporting very little on capacity—to describing the state of capacity
- from not explaining whether or not the organization had the capacity to meet its objectives and what changes it is planning to build capacity to meet future objectives—to doing so

<b>Principle 4—Relate results to risk and capacity</b>			
<b>Start-up</b>	<b>In Process</b>	<b>Fundamentals In Place</b>	<b>Fully Incorporated</b>
<p><i>Risk</i> The report identifies some risks (both threats and opportunities) in the organization’s internal and external operating environments, but does not adequately describe how these risks impacted performance results or influenced the choice of strategies.</p> <p><i>Capacity</i> The report does not, in any meaningful way, describe the organization’s current capacity nor how capacity affected its results. Existing resources are described (e.g., number of full time equivalents, funding available), but without any reference to whether these resources were sufficient to meet either past or future objectives.</p>	<p>The report describes key risks in the internal and external operating environment (including critical capacity issues) and their expected impact on the organization.</p> <p>The report describes the current status of key areas of capacity, which may include performance information related to capacity (e.g., absenteeism rates and the completion of information systems).</p>	<p>The report summarizes the key risks faced by the organization, and the strategies for prioritizing and dealing with them.</p> <p>The report explains how risk management affected results. The report summarizes the impact of its strategies and actions in managing risks or on capitalizing on its opportunities.</p> <p>The report explains how capacity affected by the results achieved, including the capacity of partners or the private sector.</p>	<p>The report briefly explains how key risks influenced choices concerning goals, objectives and strategies for delivering programs and services. It not only describes key risks and their impacts, but also the organization’s tolerability for risk.</p> <p>The report identifies critical areas where the organization needs to build capacity in order to succeed in the long term.</p> <p>Where there a was shift in the organization’s mandate, goals, strategies and/or program delivery since the last report, the report explains what the consequences have been or will likely be on the organization’s ability to deliver results in the future.</p> <p>The report states whether or not the organization has the necessary funds, infrastructure and people in place to meet it objectives.</p>

## Principle 5—Link resources, strategies and results

**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.

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The matrix is based on the following assumptions about how organizations incorporating this principle will progress:

- from reporting only basic financial information such as financial statements and budgets—to showing how resources are linked to strategic direction
- from providing only overall financial information—to describing how funding is linked to core business areas, goals, objectives, strategies or results.
- from not being able to show how efficiently the organization is able to deliver its program or services—to showing this (e.g., linking inputs to outputs).

<b>Principle 5—Link resources, strategies and results</b>			
<b>Start-up</b>	<b>In Process</b>	<b>Fundamentals In Place</b>	<b>Fully Incorporated</b>
<p><i>Financial information</i> The report contains basic financial information, such as financial statements in the case of Crown corporations, planned vs. actual for ministries.</p> <p>Variations are identified.</p>	<p>Financial information is supported by a discussion and analysis from management.</p> <p>The report explains key financial variances – what happened and why.</p> <p>The report provides key financial trend information, such as for expenditures.</p> <p>The report explains how current funding compares to past and forecast funding. The report makes clear the nature of funding (fees, grants, appropriations, etc, and sources), and explains key revenue generating activities.</p>	<p>The report explains planned and actual costs in terms of:</p> <ul style="list-style-type: none"> <li>• core business areas (for example, by program, products of services);</li> <li>• key goals, objectives, strategies; or</li> <li>• results achieved.</li> </ul> <p>Any changes in funding that affected the achievement of planned performance targets are explained.</p>	<p>Overall, it is clear how funding is linked to: goals, objectives, strategies, and actual results.</p> <p>Explanations of key financial variances are supplemented with explanations of the adjustments the organization will be making in the future.</p> <p>The report outlines the organisation’s strategy should levels of funding change in the future.</p>
<p><i>Linking financial and non-financial information</i> There is no linkage between financial and other performance information.</p>	<p>The report begins to make linkages between financial and other performance information by reporting on some measures of output efficiency or linking resources to some programs, strategies, activities or business lines. However, the information may not be sufficiently explained so that readers can understand what it is supposed to be telling them.</p>	<p>The report identifies critical measures of efficiency.</p>	<p>Resources (inputs such as dollars and FTEs) are linked to volume/units of service (outputs) in a way that helps the reader understand the efficiency and economy of the operations.</p>

## Principle 6—Provide comparative information

**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. (covered in principle 3)

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The matrix is based on the following assumptions about how organizations incorporating this principle will progress:

- from not reporting results in relation to planned performance—to doing so
- from reporting little historical information—to providing long-term trends for most performance information and explaining what the reader should understand from the trends and benchmarks presented
- from reporting no comparisons to similar organizations or industry standards—to reporting as much of this as is possible and informative
- from not explaining data inconsistencies—to doing so
- from not using trend information to inform future performance expectations—to doing so

<b>Principle 6—Provide comparative information</b>			
<b>Start-up</b>	<b>In Process</b>	<b>Fundamentals In Place</b>	<b>Fully Incorporated</b>
<p><i>Consistency between plan and report</i> In the start-up phase actual performance may not be reported in relation to the service plan. Significant changes in strategic direction since the plan was produced may not be explained. Many performance measures and targets may be missing.</p> <p><i>Historical comparisons &amp; benchmarks</i> Reports in the start-up phase will have very limited historical results information against which to compare current performance. The report provides either historical for only a few measures, or no historical information at all.</p> <p>Current performance is not compared to benchmarks from similar organizations or industry standards.</p>	<p>Actual performance is clearly reported in relation to the service plan. Results are reported in relation to the goals, objectives and performance measures outlined in the plan. There is sufficient consistency in the format and structure of the plan and report to allow readers to understand the connection between the two documents.</p> <p>Reports at this stage have one year of baseline information for most measures to compare results against. The report will also begin comparing performance against a few, easy to access benchmarks (performance of similar organizations or industry standards). However, the report may lack explanations of what the reader is expected to learn from the trends and benchmarks being presented, or the usefulness of the benchmarks may be questionable.</p> <p>There may be some year-over-year data inconsistencies (e.g., earlier data was collected using a different methodology), and this may not be explained.</p>	<p>The report contains relevant economic, social or demographic information to put its results into context (e.g. an environmental scan).</p> <p>For most performance measures, the report contains sufficient information to judge the organization’s performance relative to past performance, allowing the reader to understand whether performance is improving, deteriorating or remaining unchanged.</p> <p>Where available and relevant, the report includes benchmark information of other organizations in the same sector or industry; industry standards, or best practices.</p> <p>Any year-over-year data inconsistencies that could impact a reader’s understanding of trends comparisons are fully explained.</p> <p>Future performance targets may be presented but these may appear to be simply a restatement of the service plan rather than a reflection of what has been learned from examining trends.</p>	<p>The report demonstrates that the organization is making use of comprehensive historical and benchmark data to inform future plans. The report contains multi-year trend data for funding, outputs and outcomes, and these trends are related to expectations for future performance.</p>

<b>Principle 6—Provide comparative information</b>			
<b>Start-up</b>	<b>In Process</b>	<b>Fundamentals In Place</b>	<b>Fully Incorporated</b>

## Principle 7—Present credible information, fairly interpreted

**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.

**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.

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This principle suggests that performance information should reflect a number of different attributes. The following attributes are covered elsewhere in the matrix:

- consistency—this attribute is mentioned in many principles but it’s primarily covered under principle 6 (comparative information)
- fairness—this attribute is also mentioned in many principles but is primarily covered in principles 3 & 8 (few critical aspects, reporting judgments)
- relevance—this attribute is assessed from various perspectives in all of the principles.

The matrix is based on the following assumptions about how organizations incorporating this principle will progress:

- reliable and verifiable—from an absence of system controls and documentation supporting reported information—to well documented systems, sound controls and sufficient, appropriate supporting documentation
- understandable—from providing reports that are lacking information or difficult to read and full of jargon—to providing reports that tell a performance story that is easy to understand
- timely—This attribute is not assessed across the continuum—organizations either meet the statutory obligations prescribed by the *Budget Transparency and Accountability Act* or not

**Principle 7—Present credible information, fairly interpreted**

Start-up	In Process	Fundamentals in Place	Fully Incorporated
<p><b>Reliable and verifiable</b>—Reported data is a by-product of other systems, prepared on one-off basis for external reporting. There may be minimal supporting documentation. The organization has not ascertained the reliability of data produced by third parties. There is either no reference to the source of information obtained from third parties, or the reliability of such third-party data has not been ascertained.</p> <p><b>Understandable</b>—There is an overall lack of meaningful information and a “bare bones” or confusing presentation (no graphs or other useful ways of presenting data).</p>	<p><b>Reliable and verifiable</b>—Data used in public reporting is prepared for periodic review by management. Systems for producing management information may not be well established and are not well documented. Some supporting documentation exists, but may not be complete. Information obtained from third parties is identified, but its quality may not have been assessed.</p> <p><b>Understandable</b>—Report is more user-friendly, beginning to employ graphs, charts and tables to illustrate information. Specialized terminology is explained (e.g., in a glossary). However, vague language may make it difficult to understand the performance story the organization is trying to tell.</p>	<p><b>Reliable and verifiable</b>—Systems for producing reported data have been established and documented, although controls may not be complete. There is sufficient and appropriate documentation supporting reported performance information. The quality of information obtained from third parties has been assessed and is appropriately disclosed.</p> <p><b>Understandable</b>—The report is easy to read, with information presented in graphs, charts and tables. Specialized terminology is avoided where possible but explained if necessary. The report might be too long—containing so much information that it is difficult for the reader to identify what aspects of performance are the most significant.</p> <p><b>Timely</b>—Report is produced according to the reporting and tabling deadlines prescribed in the BTAA.</p>	<p><b>Reliable and verifiable</b>—Internally generated data is produced by well documented systems, internal controls are in place and appear reasonable.</p> <p><b>Understandable</b>—Fully developed reports are useful to readers because they are concise yet packed full of meaningful information.</p>

## Principle 8—Disclose key reporting judgements

**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.

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The matrix is based on the following assumptions about how organizations incorporating this principle will progress:

- from not explaining why the performance information being presented is important—to doing so
- from not explaining how performance information should be interpreted—to doing so and also explaining why the reader should have confidence in the interpretation
- from not adequately explaining changes in measuring or reporting—to doing so
- from not providing sufficient information on data reliability and limitations—to doing so by including data sources, reporting date(s) and discussions on the limitations of the data
- from not affirming management’s responsibility for the information—to management affirming its ownership of the report and describing its confidence in the information

<b>Principle 8—Disclose key reporting judgements</b>			
<b>Start-up</b>	<b>In Process</b>	<b>Fundamentals In Place</b>	<b>Fully Incorporated</b>
<p><i>How performance is measured</i> The report explains how performance measures are compiled. But it may not explain why the organization has chosen to focus on the aspects that it has (e.g., its goals and objectives), or why it has chosen the measures it has.</p> <p><i>Management’s interpretation of results and confidence in information</i> The report presents its results, but doesn’t provide an interpretation of what it all means, leaving it up to the reader to infer.</p>	<p>The report identifies sources of information and describes why the organization chose its goals, objectives and performance measures.</p> <p>Performance measures may change in response to experience or changing circumstances. Explanations for changes, however, are not provided.</p> <p>Management publicly affirms its responsibility for the contents of the report. Reports in this stage contain management’s interpretation of the results.</p> <p>Where information is incomplete (e.g., a performance measure has been identified but no result is reported), the report provides either a baseline or indicates when the information will be available.</p>	<p>The report identifies the sources of information, including a concise explanation of how measures are derived and the period data applies to.</p> <p>Reports in this stage explain how performance targets were selected (basis for selecting the few critical things) and why the reader should have confidence in the reliability of the information.</p> <p>Where changes have been made since the prior year, the report clearly explains the reasons for changes to goals, objectives or performance measures.</p> <p>Management describes why it is confident that the data is relevant and reliable. The interpretation of results is reasonable, reporting both successes and shortcomings in a balanced way.</p> <p>Management further discloses any limitations or uncertainties in the information presented and the steps taken to validate the data.</p>	<p>Performance information has been corroborated to other sources to ensure its validity or has been verified by independent parties.</p>