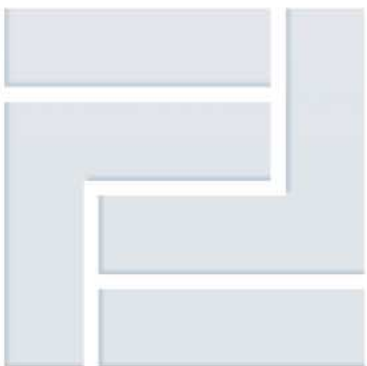




Public Performance Reporting

Going Public

Leadership for Transparent Government



Going Public – Leadership for Transparent Government

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Table of Contents

- FOREWORD2

- SUMMARY OBSERVATIONS4
 - I Leaders’ Views on a Changing Scene.....4
 - II Human Issues ~ The Leaders’ Agenda6
 - III Leadership ~ The Critical Success Factor.....9
 - IV Advancing the Dialogue10

- PART I – PUBLIC PERFORMANCE REPORTING ~ LEADERS’ VIEWS ON A CHANGING SCENE13

- PART II – HUMAN ISSUES ~ THE LEADERS’ AGENDA.....20
 - 1 Creating Relationships Built on Respect and Fairness22
 - 2 Creating Reasonable Expectations for What Should Be Reported26
 - 3 Creating Rewards and Recognition29
 - 4 Creating Individual and Organizational Capacity32

- PART III – LEADERSHIP ~ THE CRITICAL SUCCESS FACTOR.....36
 - 1 Focused Leadership37
 - 2 Manifest Leadership39
 - 3 Persistent Leadership40
 - 4 Values-based Leadership41
 - 5 Supported Leadership42
 - 6 Pragmatic Leadership43

- APPENDIX
ENGAGING THE HUMAN DIMENSIONS OF PUBLIC PERFORMANCE REPORTING ~A CHECKLIST

Foreword

CCAF was established in 1980 as a research and educational foundation (*for more information, see inside back cover*). A public-private sector partnership and a national non-profit organization, CCAF provides a neutral forum where governing body members, public sector executives, legislative auditors and professional service providers can advance their shared interests in meaningful accountability and in effective governance, management and audit.

Much of CCAF's work over the last ten years has dealt with performance information, and how it can help those who govern, manage, and audit. Recently, CCAF has launched a major program of research, capacity development and knowledge sharing that deals with public performance reporting – the formal response to a desire or need to report performance to people who have a legitimate interest in knowing, understanding and assessing it, and then acting on their assessment.

Almost all governments and other public institutions have invested in the technology and systems of managing and reporting performance. CCAF's Board of Governors and our advisors have set an important strategic objective for the Foundation and our Public Performance Reporting Program – to help these organizations and their stakeholders get better value for their investments.

From its outset, it was clear that the Program should address not only the methodology and technology of public performance reporting, but also its human dimensions. After all, it is people who determine what is reasonable and appropriate to report publicly and how that information is subsequently used. Accordingly, the Program aims to improve understanding of the human factors at play in public performance reporting, and to help build capacity to manage these human factors.

This publication represents a first step in the exploration of three issues:

- What human factors most influence public performance reporting requirements and behaviors?
- What is reasonable to expect in relation to these factors?
- How can these factors be best managed to further better public performance reporting?

First and foremost, this publication reflects the wise counsel and insights of the people interviewed. Most, though not all, of the people interviewed serve in federal and provincial governments. Each of them had been identified to the CCAF as occupying a leadership position and as having significant personal experience in public performance reporting issues. Each agreed to be interviewed around the three core questions stated above. It also reflects views expressed at CCAF's May 1999 National Conference on Public Reporting, Comptrollership & Audit: People~Values~Expectations, and finally, the publication also reflects the advice of a Program advisory group of CCAF Governors.

This publication is aimed at leading members of all the communities that prepare, audit and use performance information. We hope that legislators and executives who direct the public reporting agenda will judge that it helps them advance their public performance reporting. If it gives them a framework for initiating and sustaining a more mature and pragmatic conversation on the topic – initially with their colleagues and then with their counterparts in other communities – it will have substantially achieved its objectives.

CCAF hopes that others will also find it useful in organizing their own thinking, participating in or supporting a broader discussion, and developing their own reporting strategies. Whether for the purposes of engaging in a wider conversation or planning individual strategy, we hope that it provides a practical resource.

This report also inevitably sheds light on a number of challenges and difficulties attending the ‘human dimension’ of public performance reporting. It does so not to discourage efforts to make progress in all aspects of performance reporting but rather to highlight matters that need attention and leadership to support progress.

This publication completes an important initial step for CCAF. For you, the reader, it provides a base, built on practical experience, from which to move forward. We very much hope that you will take advantage of this base and participate in CCAF’s Public Performance Reporting Program.

Summary Observations

PUBLIC PERFORMANCE REPORTING "...THE FORMAL MECHANISMS AN ORGANIZATION USES TO COMMUNICATE WITH KEY STAKEHOLDERS IN ACCORDANCE WITH AGREED PRINCIPLES. IT IS THE FORMAL RESPONSE TO A DESIRE OR NEED TO REPORT OUR PERFORMANCE AND RESULTS TO PEOPLE WHO HAVE A LEGITIMATE INTEREST IN KNOWING, UNDERSTANDING AND ASSESSING PERFORMANCE, AND THEN ACTING ON THIS INFORMATION."

WE USE THE WORD PERFORMANCE TO EMBRACE A BROAD RANGE OF MATTERS RELATED (BUT NOT RESTRICTED) TO THE NOTION OF ACHIEVEMENT OF AGREED GOALS. PERFORMANCE RELATES ALSO TO EFFORTS, CAPABILITIES AND INTENT AND MAY BE MEASURED IN FINANCIAL OR OTHER TERMS. PERFORMANCE, AND THUS PERFORMANCE REPORTING, ENCOMPASSES THE OVERALL CYCLE OF PLANNING, IMPLEMENTATION, ASSESSMENT, LEARNING, IMPROVEMENT AND ACCOUNTABILITY.

This part of the report summarizes observations drawn from consultations with public sector leaders, who have advised and guided CCAF in the development of this publication and from CCAF Governors, and key participants at a national conference on *Public Reporting, Comptrollership & Audit: People~Values~Expectations*.

Our overall observation is that all the above share three fundamental perspectives about public performance reporting, and in particular, its 'human dimensions'.

Governments and other public sector organizations are adopting results-oriented management and governance regimes. If they are to realize the full benefits that such regimes promise – greater respect and confidence by Canadians – then public performance reporting must be an integral part of those regimes.

Reporting infrastructure and technology are key underpinnings of good public performance reporting. Alone however they are not enough to support the richness and reach of reporting that is relevant and usable. It is time to look beyond the technical – and to attach importance to managing the human dimensions of reporting.

The human dimensions of public performance reporting are manageable, but courage, persistence, time, and above all leadership, are needed.

In the course of these consultations we addressed three broad-based questions:

- In what context should a discussion of public performance reporting take place?
- What human dimensions of reporting are pivotal and manageable?
- What are some key aspects of leadership that will allow us to better address the human dynamics of reporting?

Coming out of these consultations a fourth question emerged:

- How do we advance the dialogue? What should the next steps be?

Based on the insights gained during these consultations a checklist "*Engaging the Human Dimensions of Public Performance Reporting*" was developed. It is included with this report as an Appendix. This tool can help governing body members, executives and others engage key issues having to do with the human dimensions of public performance reporting. It provides a starting point to assess and, if necessary, improve their governance and/or management practices in relation thereto.

I LEADERS' VIEWS on A CHANGING SCENE

Part I of this publication, *Public Performance Reporting – Leaders' Views on a Changing Scene*, summarizes their views about the context within which a discussion of performance reporting should take place – how they see the issue, why they want it to change, where they see it going and what they see as the key influences. Their views reflect change – change in the management philosophies that governments have embraced, change in

the ways in which governments go about their business, and change in the way in which governments wish to interact with each other and with citizens.

Key aspects of these changes are:

- The power of the forces that are pushing governments to work better, to work differently, to cost less, and to be more open, responsive and accountable.
- The growing competitiveness for the human and financial capital of the country as a whole and of its component elements.
- The need to make the country work better.
- The need to provide direction to those who specialize in creating, organizing and interpreting information.
- The political risk of uninformed publics.
- The ability to sustain the approaches to modern management that decision-makers have deemed appropriate.
- The ability to manage risk and uncertainty.

From our discussions with these interviewees we think that there is a high measure of agreement that these changes are significantly affecting both the richness of public performance reporting and the human dynamics that are associated with such reporting.

Moreover, all the above factors are calling into question how best to fulfill government and public sector obligations to be transparent – different and better reporting is needed.

Our consultations then moved to a discussion of what direction reporting needs to go in to be viewed as better and what points of view should prevail. We received a large body of input and advice on these matters from which we have drawn the following key observations about what needs to happen.

CONNECT PUBLIC PERFORMANCE REPORTING TO PRIMARY INTERESTS of governing body members¹, executives and employees of governments and public bodies of all types, and to the quality, relevance, and impact of the services their organizations provide. Avoid looking at the subject in the unalloyed context of transparency or accountability, and ensure that the pursuit of outstanding result levels is balanced with excellence in maintaining high standards of stewardship in administration. All of this will help engage the needed attention of top leaders.

BE MORE PRAGMATIC. Pragmatism is not simple expediency – avoiding the tough issues and taking the path of least resistance. It is about overcoming limitations and barriers wherever possible, and about doing the best within those constraints that cannot be fully overcome. Transparency is in fact being obscured because of a lack of pragmatism about the amount and nature of information that should be reported. Thinking has to change and reporting must focus on a relatively small but critically important number of matters that are indicative of the value that programs or services have added. Integrate financial and non-financial results reporting. Report against reasonable result expectations to encourage real understanding of results and choices and the inherent risks of public business.

ALMOST ALL GOVERNMENTS, AND OTHER PUBLIC INSTITUTIONS, HAVE INVESTED IN THE TECHNOLOGY AND SYSTEMS OF MANAGING AND REPORTING PERFORMANCE.

“WE HAVE BEEN DRIVEN TO MEASURE [AND FOCUS ATTENTION ON] THE MEASURABLE, NOT THE IMPORTANT.”

¹The focus of this report is on performance reporting by senior levels of government to legislatures and the public. However, much of what is on the report has applicability to a wide-range of other public sector institutions. As such rather than referring exclusively to legislators and Parliamentarians, we have adopted the more generic terms of governing body and members of governing bodies.

“BE PREPARED TO TRADE
OFF PRECISION FOR
RELEVANCE.”

AVOID ‘COOKIE-CUTTER’ APPROACHES. Good public performance reporting must, first and foremost, be rooted in an understanding of the fundamental nature and unique features of the programs and services being provided by the organization.

ACCEPT AND EMBRACE THE NOTION THAT THERE ARE NO PERFECT SOLUTIONS. There is no fixed ‘end-point’ that defines good reporting. An expectation of constant evolution implies a state of ‘continuous imperfection’. Establishing reasonable expectations for reporting is difficult but necessary if performance reporting is to have any chance of building trust between governments and their citizens. Such imperfection needs to be embraced and accepted in ways which do not detract credibility from the reporting so long as that reporting meets current reasonability tests.

“...BETTER REPORTING
IS A JOURNEY, NOT A
DESTINATION...”

RECOGNIZE BUT DON’T BE DISCOURAGED BY THE PRINCIPAL OBSTACLES TO PROGRESS

- ~ New risks – political and otherwise – attach to more meaningful public performance reporting.
- ~ Human nature – no one likes to have his or her effort judged as possibly inadequate.

EXPECT PROGRESS. While leaders are mindful of the obstacles, they believe it is reasonable to expect progress. Among their reasons:

- ~ Recent legislative initiatives requiring public performance reporting;
- ~ Recent administrative initiatives (integrated results-oriented management) and investments in public performance reporting;
- ~ The advent of the Social Union Agreement and its public performance reporting requirements;
- ~ Adoption of changes in public policy delivery and policy formulation mechanisms;
- ~ A new generation of management with new ideas and approaches;
- ~ The inevitable impact of interaction and collaborations (partnerships, joint ventures, privatization) with the private sector in implementing public policy requiring accountability arrangements; and,
- ~ A growing tendency to want to compare and benchmark performance across jurisdictions

The senior leaders interviewed by the CCAF for this study consistently agreed that the enhancement of public performance reporting should continue to merit the attention of leaders in both the governance and the management communities.

II HUMAN ISSUES ~ *The LEADERS’ AGENDA*

Those we interviewed believe that the human factors underlying public performance reporting need to be embraced and managed. This will be key to obtaining better returns from public performance reporting. Legislation and technical solutions are not, in and of themselves, sufficient.

Moreover, it is their view that these ‘human dimensions’ are in fact manageable – a better job can be done – practical approaches can be taken. Such issues, they believe, should command the attention of top political and management leaders.

Human factors can be addressed from many viewpoints and through many theoretical models. We took from our discussions that four broad categories of human issues might reasonably be considered integral and important. Issues in each of these four categories were consistently addressed by those who counseled us.

We present below our overall observations with respect to the four key points of the leaders' agenda of human issues that need to be considered.

The four areas are:

1 CREATING RELATIONSHIPS BUILT ON RESPECT AND FAIRNESS

Two important dimensions under this category were cited as key human factors on which leadership attention should be focused:

- Understanding responsibilities
- Fairness

Interviewees stressed the need to be more focused on issues of relationships, respect and fairness. They stressed the need to improve understanding of and respect for the responsibilities and entitlements of those who report, and of those who use performance information. They emphasized the need to find better ways to create and sustain the necessary environment of fairness to support meaningful reporting.

Many interviewees emphasized how perceived roles and responsibilities influence behaviors and must figure prominently in any discussion of the human dimension of public performance reporting. They noted that excellent results take teamwork – engaging legislatures, legislative committees, ministers, public servants, unions, auditors, media, and the Canadian public.

Virtually all of the interviewees emphasized the importance of creating a climate and a culture in which comfort with and commitment to good public performance reporting is both natural and nurtured. Doing so, they agreed, is not easy. They consistently described the shift to results-oriented government as a change in culture – rooted in a change in values, attitudes and behavior – more than an advance in technical competence.

2 CREATING REASONABLE EXPECTATIONS FOR WHAT SHOULD BE REPORTED

Two important dimensions under this category were cited as key human factors on which leadership attention should be focused:

- Principles to guide reporting judgments
- Maintaining confidence in public performance reports

We need to create, agree to and sustain a better understanding of the reasonable expectations that should be shared by those who report on public performance and those who receive such reports.

The first and most important issue is having a sense of confidence that reporting judgments are neither arbitrary nor self-serving and that they reflect a shared sense of reasonable expectations on the part of all who are involved in the creation, dissemination, use and audit of such reports.

3 CREATING REWARDS AND RECOGNITION

Two important dimensions under this category were cited as key human factors on which leadership attention should be focused:

- Building on public service professionalism and values
- Providing rewards and recognition

An important reality often expressed in the interviews was that to get people to report on results, we must be prepared to reward the results themselves. Key to success of such a system is the need to manage a 'portfolio' of incentives – both financial and non-financial – tailored to the specific organization, its values and culture, and its operating environment.

The 'portfolio' may include one or more of the following:

- Increased authority;
- A competitive advantage in obtaining resources;
- Career progression;
- Capacity development opportunities;
- Peer recognition; and,
- Financial compensation

4 CREATING INDIVIDUAL AND ORGANIZATIONAL CAPACITY TO GENERATE AND USE ROBUST PERFORMANCE INFORMATION

Three important dimensions under this category were cited as key human factors on which leadership attention should be focused:

- Having a realistic plan to advance public performance reporting
- Developing the capacity of those who prepare and those who receive performance information
- Building the capacity of the organization to benefit from robust performance information

Enhanced individual and organizational capacity is needed to benefit from robust public performance information. Enhancement efforts need to address not only those who provide performance information but also those who use it and the organizational arrangements that determine the flow and use of publicly reported performance information .

Managing individual and organizational capacity – and confidence in that capacity – were significant agenda items for those who CCAF interviewed. People like to succeed and they are more likely to buy in to new expectations when they think that they – and other players on whom they will depend – have the necessary abilities to meet them.

Interviewees consistently talked as much – or more – about capacity for using wisely robust performance reports as they did about the capacity for providing them. In their view, public performance reporting is not merely about producing information. It is also about using information at all stages of governance, management and citizen engagement. And capacity development embraces not only training, but also experience, understanding and enhancements to organizational arrangements.

III LEADERSHIP - The CRITICAL SUCCESS FACTOR

From their various perspectives, each of the people interviewed by the CCAF identified leadership as the single most important and overarching human factor involved in making public performance reporting work. CCAF agrees.

LEADERSHIP –
THE OVERARCHING
HUMAN FACTOR

What emerges from the insights given to us are several attributes for leadership that might prove useful as a starting point for governing bodies and executives to use as they assess their own situation.

Our characterization of such leadership is presented under six headings:

1 FOCUSED – LEADERSHIP NEEDS TO BE FOCUSED IF SUBSTANTIVE AND SUSTAINED PROGRESS IS TO RESULT

It needs a purpose linked to the achievement of better results. The real crucible in which leadership interest will be tested lies in the aims, outcomes, policies and values of the organization.

Leaders who understand and emphasize the linkage between performance reporting and the achievement of better results will more likely create a focus that will lead to real achievement than will those who attempt to drive the issue exclusively through an accountability prism.

They will have a desire and commensurate courage to focus on achieving (and reporting) outcomes that really matter. They will neither waste their energy nor distract users by reporting unmanageable volumes of less important detail.

Leadership needs to come from the top. The visible commitment of top public servants – Cabinet clerks/secretaries and deputy ministers – was universally cited as critical.

Advancing the development and reporting of meaningful, robust public performance information involves cultural change for many public sector organizations. That's because public reporting has been greatly influenced by management and governance traditions that have frequently been more oriented to guarding performance information than reporting it.

*"IT IS NOT ENOUGH TO
ASSERT THE NEED FOR
LEADERSHIP... WE NEED TO
CHARACTERIZE SOME PRIN-
CIPLES FOR THE KIND OF
LEADERSHIP THAT IS NEEDED
TO DEAL INDIVIDUALLY AND
COLLECTIVELY WITH THE
HUMAN FACTORS WE HAVE
BEEN DISCUSSING."*

2 MANIFEST – LEADERSHIP IS NOT METAPHYSICAL.

It needs to be apparent in: connecting knowledge and information about performance with decision-making and policy formulation; program development and planning; statements of policy, principles and values; and, incentives and reward systems.

The extent to which this happens in practice will provide strong evidence to all that the performance reporting component of results-oriented management regimes has meaning and importance and that it therefore demands attention and excellence.

3 PERSISTENT

An important dimension of effective leadership, frequently alluded to, is the persistence of top leaders to stay with the subject and to manifest their interest and commitment to it over time.

Moreover, interviewees emphasized that leadership must be ‘steady’ to allow the organization to sustain its effort, even when criticized – it must exercise a stabilizing influence.

4 VALUES-BASED

A number of those interviewed believe that leaders must articulate the values that inform their decisions, as an inherent part of their drive toward results-oriented management regimes and associated public performance reporting. Not only must they articulate their values and demonstrate them in action; they must take steps to embed them in the organization.

This set of values or mind-set needs to be transparent to all, including:

- the public;
- the governing body;
- management; and,
- employees at every level.

5 SUPPORTED – SETTING THE TONE FROM THE TOP IS AN ESSENTIAL, BUT NOT THE ONLY, ELEMENT OF LEADERSHIP NEEDED

Leadership does not take place in a vacuum – it needs to be supported competently and consistently. This too was a recurring theme in our consultations. While leaders must set the tone from the top, champions and facilitators must emerge within the system to support the effort and maintain momentum. It is the job of top leaders to ensure that such people are identified and strategically placed.

6 PRAGMATIC – IT IS TIME TO MATURE THE MIND SET, AND THE DISCUSSION, AND TO MOVE FORWARD.

The notion of pragmatism that interviewees were advancing was not one of simply being expedient, avoiding the tough issues and taking the path of least resistance. Rather it was about being focused, practical, persistent and flexible. It was about overcoming limitations and barriers when you can, and about doing your best within these constraints when you cannot fully overcome them. It was about focusing energy on that which is doable – and doing it.

IV *ADVANCING the* DIALOGUE

Competition, demographics, information technologies, citizen expectations, scarce resources require different results from governments – and different reporting. Human factors, and leadership actions in relation to them, will play a determining role in how well and how fast governments and public institutions will respond to these imperatives for change.

These are not ‘problems’ to be solved. They are ongoing and dynamic issues to be engaged so long as public performance reporting remains a human activity.

Accordingly, they need to be the subject of an ongoing ‘conversation’ between the affected parties. It is part of the leadership challenge to provide a framework or agenda for the conversation and a forum in which it can be continued. In that regard, the checklist set out in the appendix is intended to be helpful in initiating and providing initial direction for a constructive conversation.

In the light of the above and the various observations in the report we believe that there are two important next steps that should be taken.

The first is for organizations to engage these ideas in the context of their own particular circumstances. Different organizations are at different stages of evolution – some have advanced much more than others have.

To begin taking this step we invite interested readers to comment on this publication:

- Are we on the right track in addressing the human dimension of public performance reporting?
- Are we and our advisors asking the right questions?
- Have we identified pertinent issues with respect to the human dimensions of public performance reporting? From your experience, are there other equally important issues that we have not addressed relative to this area?
- Does your experience coincide with that of our advisors?
- Do you have examples or illustrations that you wish to share to contribute to the continuing improvement of the management and leadership of the human dimensions of public performance reporting?
- Is the checklist relevant and helpful? Are there changes, additions or deletions that you would suggest?

The material in this publication and the appended *Engaging the Human Dimensions of Public Performance Reporting – A Checklist* provide a starting point for the engagement of governance and management leaders.

The objective of such engagement is to:

- Situate their organization in relation to the forces that are at play in respect of public performance reporting;
- Create a basis of reasonable expectations to guide thinking;
- Assess and engage discussion in their organizations of the relative importance of the human dimensions associated with public performance reporting and any gaps that might exist between the current management of these dimensions and what they might consider desirable; and,
- Create a basis for taking action, if needed, to close significant gaps.

CCAF and its advisors believe that, in relation to the human factors discussed in this publication, there is enough common ground to provide a framework of widely applicable leadership principles – an agenda around which to engage further thinking.

Therefore the second step forward that we believe is needed is for the management, governance and professional communities to advance their thinking to develop innovative, practical approaches to more effectively manage the key human dimensions discussed in this report. We further invite the governance, management and professional communities to work with us to create the needed solutions to deal with tomorrow's issues today.

Important insights were gained during our consultation and these will be valuable to the further advancement that is needed.

While analysts, auditors and technical advisers have been proponents in pursuit of better public performance reporting, it is now time for management and the senior cadres of governing bodies to exercise a stronger voice in the conversation.

We hope that this publication will contribute to a constructive dialogue among members of governing bodies and executive management, and others who lead or direct the preparation of public performance reports and/or who audit them.

Leaders' Views on a Changing Scene

We thought it was best to start this publication by reflecting on the views of the leaders we engaged on the broad subject of public performance reporting. We believe that these broader views will help create the needed context within which to deal with our principal focus on the 'human dimensions' of public performance reporting. These views reflect change – change in the management philosophies that governments have embraced, change in the ways in which governments go about their business and change in the way in which governments wish to interact with each other and with citizens. These changes will significantly affect both the richness of public performance reporting and the human dynamics that are associated with such reporting.

Those who provided us with the insights below and in the balance of this publication acknowledge that not everyone shares their view of public performance reporting or feels the same sense of urgency about making advances. They accept that it is a leadership responsibility to engage in meaningful dialogue with a view to building enough agreement in all key communities to move forward. The conversation needs to deal with the kind of public reporting needed and the nature and extent of actions needed to make it so. They see much potential benefit from developing such shared understandings and they also recognize that failing to do so will significantly impede progress.

This section of the publication addresses the following questions:

- What should we understand the phrase 'public performance reporting' to embrace for the purposes of this publication?
- Are there concerns, broader than performance reporting itself, that need to be associated with this discussion?
- What forces, if any, are at work that suggest progress in public performance reporting should be an important priority for governments and the public sector generally?
- What forces militate against further sustained progress?
- What concerns leaders about current approaches and discussions of performance reporting? Are there some directions that they think would help overcome these concerns?
- Should we be optimistic about the prospects for advancing the richness, value and utility of public performance reporting?

WHAT SHOULD WE UNDERSTAND THE PHRASE 'PUBLIC PERFORMANCE REPORTING' TO EMBRACE FOR THE PURPOSES OF THIS PUBLICATION?

CCAF uses the terms public performance reporting and publicly reported performance information frequently in this publication. We have adopted the understanding of a principal speaker at a recent national conference sponsored by CCAF, who described public performance reporting as:

“...the formal mechanisms an organization uses to communicate with key stakeholders in accordance with agreed principles. It is not the informal dissemination of information, the casual or peripheral response to questions, or the orchestrated marketing and propaganda we see - as valuable as those processes may be. It is the formal response to a desire or need to report our performance and results to people who have a legitimate interest in knowing, understanding and assessing performance, and then acting on this information.”

We use the word performance to embrace a broad range of matters related (but not restricted) to the notion of achievement of agreed goals. Performance relates also to efforts, capabilities and intent and may be measured in financial or other terms. Performance, and thus performance reporting, encompasses the overall cycle of planning, implementation, assessment, learning, improvement and accountability.

ARE THERE CONCERNS, BROADER THAN PERFORMANCE REPORTING ITSELF, THAT NEED TO BE ASSOCIATED WITH THIS DISCUSSION?

‘Going public’ with performance reporting means coming to grips with a variety of matters. They range from the concepts that guide the development of written and oral reports, through the practices involved in assuring their fairness, to the conventions governing their use and the processes for responding to the reactions of those who use them.

Those who counseled us were of a view that public performance reporting should not be considered in isolation. It is best considered in the wider context of the governance, management and comptrollership philosophies and approaches adopted by an organization. In particular, an organization’s approach to public performance reporting should be seen in the context of:

- The emphasis that it places on results and how it combines the pursuit of high performance with respect for due process, prudence and good stewardship in all aspects of its business
- The manner in which it goes about managing its risks and how the governing body, management and the users of services and programs share in these risks
- The ways in which it goes about its business whether as a direct service provider or through partnerships with third parties or privatization
- The myriad of perceptions by the public, those they elect, and the public servants they trust to support the needs of Canadian society especially as they concern the level of trust and confidence that each has in each other
- The values and ethics that guide how business will be conducted
- The availability of technological resources and their deployment
- The availability of human and financial resources.

The way governments approach public performance reporting is profoundly influenced by the system of government that is in place – the Westminster Parliamentary model. It is also shaped by the individual and collective values and actions of citizens, the media, a host of advocacy or single interest groups and the international financial community, all of whom form part of the public accountability mosaic.

WHAT FORCES, IF ANY, ARE AT WORK THAT SUGGEST PROGRESS IN PUBLIC PERFORMANCE REPORTING SHOULD BE AN IMPORTANT PRIORITY FOR GOVERNMENTS AND THE PUBLIC SECTOR GENERALLY?

Everyone sees things from their own perspective. Moreover, how a person sees an issue affects the way she or he behaves with respect to that issue. The prospects for advancing public performance reporting depend first and foremost on how people see it.

A range of viewpoints emerged when CCAF asked what if any forces were at play that suggest that making further progress in public performance reporting is, or ought to be, an enduring priority.

Many, as should be expected, referred to notions of public confidence, good governance, accountability and stewardship, and public demand to know what government is doing for them.

They also cited more specific and immediate reasons for change that may be more compelling in their individual circumstances. These are all related and are at play simultaneously. Those reasons frequently cited included:

- The growing competitiveness for the human and financial capital of the country as a whole and of its component elements. Relevant and penetrating information is increasingly seen as an important tool to help secure, protect, and maintain the resources that Canada needs to operate successfully in a global context.
- The need to make the country work better. Changes in patterns of federal-provincial interactions and responsibilities make it more important than ever to understand what governments are individually and collectively accomplishing. For example, the Social Union Agreement with its performance reporting provisions reflects the perceived need to advance on this front.
- The need to provide direction to those who specialize in creating, organizing and interpreting information. Those who govern and manage, who lead opinion, and who assume executive responsibility for decisions, have an obligation to ensure that information creators, specialists and intermediaries understand what is required of them in a rapidly changing world.
- The political risk of uninformed publics. Engaging citizens in the democratic process requires that they be meaningfully informed. Without this information, the public will be less, rather than more, likely to contribute sound public policy.
- The ability to sustain the approaches to modern management that decision-makers have deemed appropriate. Many jurisdictions are adopting a significant change in their management philosophies. They are moving to balance their traditional rules-and-process-driven management approaches with those that place a priority on integrated results-oriented and value-based management. This requires good performance information and meaningful public reporting of results.
- The ability to manage risk and uncertainty. Just as management approaches are changing, so are the ways in which governments go about their business.

Governments are becoming smaller, more responsive, and more resource-conscious. As they de-layer, operate in partnerships and adopt new or different delivery vehicles, performance reporting assumes greater importance. Between partners, for example, reporting helps them coordinate their efforts, while reporting to the public helps to explain how the partnership works and shares risk.

“ONCE YOU START TO TURN ON AN ORGANIZATION TO DO BETTER, ALL OF A SUDDEN PEOPLE OUTSIDE OF IT WILL CUT YOU MORE SLACK”

A smaller number of those interviewed referred to 'market permission' – increased public or ministerial trust and willingness to have an organization adopt new approaches and undertake new tasks. Market permission accrues quickly to an organization that is not only seen to produce the right results, but also as making an honest effort to inform the public and its representatives about its performance.

WHAT FORCES MILITATE AGAINST FURTHER SUSTAINED PROGRESS?

Interviewees recognize some real obstacles to progress. For the most part the obstacles cited were related to:

- Creating new risks – Enhanced, robust and meaningful public performance reporting introduces new risks – political and otherwise – especially when reporting takes place in an atmosphere of unalloyed partisanship.
- Human nature – No one likes to have his or her effort judged as possibly inadequate – resistance is to be expected. As one interviewee said, “*When it all started, most public servants {in our organization} didn't like it...*”
- Leadership – They understand that it will be very difficult and demanding to keep focused on this tough but soft and diffuse issue. More robust and meaningful reporting is not a pro-forma exercise, separate from the real business of government.
- Investment. – They accept that leadership will have to be backed up with a considerable investment of human and financial capital to make advances

No one was of a view that the reality of the above precludes progress or ought to be reasons for inaction.

WHAT CONCERNS LEADERS ABOUT CURRENT APPROACHES AND DISCUSSIONS OF PERFORMANCE REPORTING? ARE THERE SOME DIRECTIONS THAT THEY THINK WOULD HELP OVERCOME THESE CONCERNS?

A number of those we interviewed expressed concerns with current and past approaches to, and discussions about, public performance reporting. In most cases where they expressed frustration or concern, they also had a considered opinion on what might alleviate their concerns and contribute to meaningful advancement in the quality of public reporting.

THE REPORTING AGENDA. A number of interviewees referred to the threat of losing control of the reporting agenda. When another party takes on or acquires the job of reporting on their performance, organizations lose the opportunity to provide their own context. They risk losing influence over the public discussion of their performance. And they risk the perception that they are insufficiently professional to do the job themselves.

While analysts, auditors and technical advisers have been proponents in pursuit of better public performance reporting, those we interviewed were of a view that it is now time for management and the senior cadres of governing bodies to exercise a stronger voice in the conversation.

CONNECTING TO PRIMARY INTERESTS. Connected to the above was a concern that discussions on public performance reporting all too frequently take place in a context that is more than just 'accountability' and/or 'transparency'. As one interviewee said

“... what is driving the advance in public reporting is not reporting for its own sake but rather the contribution it can make to good results...”

A common and often emphatically stated belief is that the public performance reporting discussion has to be reoriented to connect to that which must be, and is, the primary interest of governing body members, executives and employees of governments and public bodies of all types – the quality, relevance, and impact of the services their organizations provide. They are prepared to embrace a more robust and integrated view of public reporting – and to take on and overcome significant obstacles – because they see it as a necessary element of their strategy for providing value to Canadians. One interviewee described this linkage in terms of a ‘virtuous circle’ [see text box]

While they accept their accountability obligations they are of a view that a real commitment to meaningful public performance reporting will only happen as a result of a commitment to results-oriented management and governance. Moreover, this commitment, and its attendant risks, must be shared by: members of the governing body, management and employees; other key participants in accountability relationships such as auditors; and, ultimately, the Canadians who use and are affected by what governments do and how they do it.

PUBLIC REPORTING AS PART OF A ‘VIRTUOUS CIRCLE’

One interviewee described his changing perception of public reporting as part of what he called a ‘virtuous circle’ of governance, in which there is real learning from experience, and a real application of that learning to better public administration.

“ In the last three or four years I’ve really begun to think about results-based management and what it means in terms of our commitments to ministers and the way we approach our responsibilities. We didn’t really get the whole model at first – we only dealt with some of the elements – and, as a result, did not create the requisite supports to help ensure that public service values are reflected in practice...”



THE NEED TO BE MORE PRAGMATIC. Part of the current dialogue on public performance reporting is seen as being driven by unduly naive applications of theory – a dose of pragmatism is required. The notion of pragmatism advanced was not one of simply being expedient, avoiding the tough issues and taking the path of least resistance. Rather it was about being focused, practical, persistent and flexible. It was about overcoming limitations and barriers when you can, and about doing your best within these constraints when you cannot fully overcome them.

Some of the current developments and conversation on public performance reporting has the potential to be counterproductive. For example, one interviewee noted that “*we have been driven to measure [and focus attention on] the measurable, not the important.*” They are concerned that the real performance story, and hence transparency, are in fact being obscured by this phenomenon.

Under these circumstances virtually every one of the leaders who provided us with their counsel urge that consideration be given to advancing public performance reporting to a new plateau – one on which reporting will, for example, focus on a relatively small, but critically important, number of matters.

Those we interviewed believe that focused reporting and fair reporting are not mutually exclusive.

Those we interviewed recognized that it will take insight, pragmatism and courage to:

- concentrate reporting on the ends particular policies or programs are intended to accomplish
- develop and sustain this far more focused approach to public performance reporting.

‘COOKIE-CUTTER’ APPROACHES. Those we interviewed were leery of and concerned by cookie cutter approaches no matter advanced by whom. Their organizations are different, and at different stages of reporting evolution. They believe that good public performance reporting must, first and foremost, be rooted in an understanding of the fundamental nature of the programs and services being provided by their organizations.

At the same time, there was, however, sufficient common ground revealed in the interviews – among governments, between governments and other organizations – to characterize some key features that, at a high level, ought to drive public performance reporting. Public performance reporting should:

- Integrate financial and non financial results so that key aspects (costs/investments - impacts/choices) of performance are not considered in isolation of each other
- Focus on results – the ones that really affect Canadians. Operational detail should not be the primary focus
- Be subject to a better understanding of the role and prominence that public performance reporting should assume in the continuing dialogue between governments and their citizens regarding the services they want and expect
- Support governments’ role as consensus-builders and communicators of a vision around public policy and its direction and underlying values.
- Be dynamic and responsive to user needs and to changes in the environment
- Be considered both in theory and in practice and as an integral part of governance

and management responsibilities, not an add-on that can be delegated almost in its entirety to specialists

- Not be relegated to an ‘after the fact’ function. Reporting needs to be considered when: policy is formulated, strategies are defined, business and program delivery and methods are selected; and, as operations are ongoing.

PERFECT SOLUTIONS. Those who contributed their insight to this publication were of a view that there may be no fixed ‘end-point’ to defining good reporting. In the words of one interviewee “...*better reporting is a journey, not a destination...*”.

Accordingly, we should recognize that reasonable expectations for reporting are, at the one and the same time, both difficult and necessary to establish if such reporting is to have any chance of succeeding in substantively serving the needs and interests of Canadians and successfully playing a role in building trust between governments and their citizens.

It was also pointed out that in areas where there is a long history of performance reporting – that of the reporting of historical financial performance – that such reporting continues to evolve and will continue to do so. Such evolution implies a state of ‘continuous imperfection’ that is embraced and accepted in ways which do not detract credibility from the reporting so long as that reporting meets current reasonability tests. We will have to develop the same attitude to, and reasonability tests for, the all-important area of non-financial results reporting. People want to establish meaningful thresholds for what might be considered as reasonable reporting today recognizing that such thresholds will change over time.

SHOULD WE BE OPTIMISTIC ABOUT THE PROSPECTS FOR ADVANCING THE RICHNESS, VALUE AND UTILITY OF PUBLIC PERFORMANCE REPORTING?

While leaders were mindful of the obstacles, they were also optimistic about their ability, and the abilities of others, to make progress. This optimism was attributed to a number of current trends that are expected to continue and specific events that have already occurred. Among them are:

- recent legislative initiatives requiring public performance reporting;
- recent administrative initiatives (integrated results-oriented management) and investments in public performance reporting;
- the advent of the Social Union Agreement and its public performance reporting requirements;
- adoption of changes in public policy delivery and policy formulation mechanisms; (special operating and related agencies)
- a new generation of management with new ideas and approaches;
- the inevitable impact of interaction and collaborations (partnerships, joint ventures, privatization) with the private sector in implementing public policy require accountability arrangements; and,
- a growing tendency to compare and benchmark performance across jurisdictions.

Human Issues

The Leaders' Agenda

HUMAN ISSUES - THE NEGLECTED DIMENSION OF PUBLIC REPORTING

To date, much of the discussion about public performance reporting has focused on issues of technology, reporting structures and measurement methodology. Important as these issues are, this publication goes beyond them to set the stage for a broader discussion – one that embraces the human dimension of performance reporting.

It is the CCAF's thesis, strongly supported by the senior leaders who contributed their insights to the creation of this publication, that human factors, and leadership actions in relation to them, play a determining role in how well and how fast governments and public institutions can respond to powerful imperatives to advance the quality of public performance reporting.

Moreover, it was their view that getting a good return on the investments already made in the methodological and technological dimensions of public performance reporting will largely depend on whether and how well the 'human side of the issue' is engaged and managed by leaders and indeed all public servants.

Given their seniority, it was not surprising that interviewees clearly appreciated the difficulty of addressing the human dimension of public reporting and the pros and cons of various approaches that may be available to manage this dimension of public performance reporting.

They understand that complex networks of relationships – among elected representatives, appointed officials, those who create and manage information and reporting processes, those who audit performance, and those who benefit from and those who pay for public services – accommodate competing interests and that there will always be some degree of ambiguity and imprecise demarcation.

They recognize that performance reporting is first-and-foremost a human rather than a technical endeavor and facing this reality will help us to advance in this area and to work towards solutions in areas that have had limited progress to date. Significantly, interviews reflected a common agreement that current circumstances call for more inclusive approaches than some traditional "command and control-style" management. Interviewees were also realistic about the distance between the ideal and the reality in many organizations.

WHAT ARE THE KEY 'HUMAN DIMENSIONS' THAT ARE AT STAKE?

Human factors can be addressed from many viewpoints and through many theoretical models.

CCAF began its exploration of the human dimensions of public performance reporting by talking to leading members of the governance and management communities. As a practical way to start, CCAF felt that it was more important to understand their perspectives and insights than to impose or test theoretical models.

Each of the interviewees said that leadership was the human factor most critical to improving public performance reporting. They consistently dealt with four broad categories of human issues that might reasonably be considered integral and important parts of an ‘agenda’ of human factors and for which leadership is required to make further advances in public performance reporting. Such issues not only command leadership attention but also were viewed as being ‘manageable’ in the sense that practical approaches can be taken to deal with them.

The four areas deal with creating:

1 RELATIONSHIPS BUILT ON RESPECT AND FAIRNESS

Do we need to find ways to create the needed levels of mutual understanding and respect for the responsibilities and entitlements of those who report and those who use performance information? Do we need to address the issue of creating a supportive culture based on fairness and trust? Are we sufficiently focused on these matters?

2 REASONABLE EXPECTATIONS FOR WHAT SHOULD BE REPORTED

Do we need to create, agree on and sustain a better understanding of the reasonable expectations that should be shared by those who report on public performance and those who receive such reports?

3 REWARDS AND RECOGNITION

What incentives ought to be considered as important and legitimate parts of ‘a portfolio of incentives’ that should to be managed in support of both good performance and good reporting of performance?

4 INDIVIDUAL AND ORGANIZATIONAL CAPACITY

Do we need to enhance the capacity of individuals and organizations to generate and use robust public performance information? Are organizational arrangements up to the task of carrying and using effectively a substantial flow of robust publicly reported performance information?

The above four areas are, of course, interconnected – as one interviewee said, “*these issues bleed over into one another*”. Accordingly, we are not proposing that all thinking should be compartmentalized into only the above headings. Moreover, consideration of the human dimension of public reporting requires that all four of these areas be addressed.

Indeed, these issues came up repeatedly in our interviews and the discussions revealed much common ground among governments and public organizations.

Another dimension of the common ground around these issues is that courage, persistence, time and leadership are needed to manage them effectively.

The balance of this part of our publication deals in more detail with each of these four issues.

1 CREATING RELATIONSHIPS BUILT ON RESPECT AND FAIRNESS

NOW WHEN THIS FRAMEWORK (OF INFORMATION AND RESPONSIBILITIES) WORKS WELL, WHEN EVERY ELEMENT IN THE ORGANIZATION IS ENGAGED AND SUITABLY QUALIFIED, THE RESULTS ARE ABSOLUTELY IMPRESSIVE.

Public performance reporting engages a broad range of parties that participate in and contribute to the achievement of public sector results. Each party is a stakeholder in the public reporting process, and their constructive involvement – collectively as well as individually – is critical to successful reporting. Key parties include:

- Legislatures, and legislative committees;
- Ministers;
- Public servants;
- Unions;
- Auditors;
- Media; and
- Canadians – as citizens, taxpayers and stakeholders.

“WE NEED TO... MEASURE ACHIEVEMENT IN THE CONTEXT OF A FULL TEAM – NOT JUST ONE PLAYER. RIGHT NOW WE DON’T DO THAT.”

In order for public performance reporting to be effective it needs to be based on relationships that are founded on respect, fairness and trust among these parties.

RESPECT

The first step in creating the needed respect is understanding of responsibilities. Many interviewees emphasized that how elected and appointed officials understand their own and each others responsibilities figures prominently in any discussion of the human dimension of public performance reporting.

“PARLIAMENT IS AN UNDERUTILIZED TOOL.”

They noted that excellent results take teamwork and that this requires each person to understand their individual parts in reaching common goals. They also emphasized that each must receive performance information in support of their specific responsibilities and contribute to the team’s success. This entails having to make explicit choices about who is going to receive the report and why.

“ENGAGING MINISTERS IN PRODUCTIVE DIALOGUE IS KEY.”

The need for understanding is particularly important in key areas where there is an inevitable intersection of responsibilities of both legislators and the Executive (including Cabinet ministers and management).

“PUBLIC SERVANTS CAN DO MUCH ON THEIR OWN... IN EFFECT BUREAUCRATS GENERATE MANY OF THE IDEAS.”

AREAS OF INTERSECTING RESPONSIBILITIES INCLUDE:

- policy formulation
- capacity to implement policy
- risk management
- control
- ethics and values, and
- reporting performance to citizens

Another dimension of intersecting responsibilities involves relationships between levels of government and between governments and their private or voluntary sector partners in the delivery process.

Those who were interviewed recognized that such intersecting responsibilities also necessarily bring a measure of ambiguity, which they believe should not be avoided but rather constructively engaged.

Some interviewees pointed to structural changes that have been taken or proposed – including the passage of accountability legislation and changes to the standing orders of the legislature – to clarify roles and responsibilities and how the players should interact.

Some interviewees had reservations about how far it is possible to improve relationships through structural changes alone – and some expressed deeper pessimism.

There were however several who expressed hope and suggested a range of opportunities to bring about better understanding of responsibilities as a foundation for improving respect.

Risk

Risk sharing is fundamental to the question of respect. Ultimately, much of public sector administration is all about risk, how people understand it, what level of exposure they will tolerate, and how they react when ‘risk’ becomes reality. But current understanding of risk is poor, and tolerance for it is low or non-existent, we were told, especially in some jurisdictions.

“IT IS IMPORTANT TO SECURE UNION BUY-IN TO A RESULTS/ PERFORMANCE INCENTIVE ENVIRONMENT.”

“AUDITORS MUST BE PART OF THE MOVEMENT FORWARD.”

“PEOPLE WANT TO RECEIVE INFORMATION THEY CAN UNDERSTAND.”

“BECAUSE WE CAN’T SAY THINGS ARE 100% PERFECT, WE RESORT TO FUZZIFYING IT ALL.”

“MAYBE THE FACT THAT WE ARE STILL HAVING DIFFICULTY IN DEFINING THIS LINE OF DEMARCATION MEANS THAT IT CAN NEVER BE SO DEFINED.”

ELEMENTS OF A MATURE RISK SHARING ENVIRONMENT

Elements of a mature risk-sharing environment frequently mentioned by interviewees included:

- Reasonable understanding and acceptance among all key players of the overall public policy objectives
- An understanding of what each participant contributes to overall performance, the limitations of their contributions, the connection points between participants and their mutual entitlements.
- A shared ethic of respect, tolerance and acceptance of diverse viewpoints
- Clear, up-front discussions with key stakeholders – and those who serve as their representatives and intermediaries – about the level of performance expected and the risks entailed.
- An intellectual integrity that accepts the reasonable, and embraces risk and choices.
- A pragmatic approach to direct the flow of performance information in directions and places it hasn't been before to support agreed responsibilities.
- Being prepared to say that ‘we made a mistake’ which, even in the most benign of public climates, is not an easy thing to do, but could go a long way towards creating an environment conducive to real learning, better results, and meaningful performance reporting
- A shared focus on learning from experience, using information primarily to “*move and improve*”, rather than to “*shame and blame*”.
- A fair and balanced approach between elected and appointed officials when it comes to sharing the consequences of poor results or failures as well as in sharing the rewards that accrue from good results.

“WE’LL NEVER BE ABLE TO ENGAGE MINISTERS; THEIR HEART ISN’T IN IT.”

Creating a better understanding of risk and an environment conducive to mature risk management, therefore, is key to good relationships and the pursuit of common goals. Interviewees offered several insights about key elements of such an environment. [See text box ‘Elements of a Mature Risk Sharing Environment’]

“THE GOVERNMENT-LEGISLATURE INTERFACE IS DOMINATED BY A ‘BLAME & SHAME’ MIND-SET THAT IS UNLIKELY TO CHANGE.”

The frustration around the existing attitudes among the parties as well as the current organizational arrangements certainly motivated some interviewees to want significant change. Interviewees spoke of the change required as a profound one, both cultural and organizational – a “*fundamental bouleversement*.”

“WE SHOULD LEARN TO ACCEPT AND BE COMFORTABLE WITH THE GRAY ZONE BETWEEN RESPONSIBILITIES.”

A predominant theme of those we interviewed was the need to build a culture that allows good performance reporting to happen. What has been discussed above about risk sharing is a key part of building this culture – but more is at play.

“THE VOCABULARY OF PUBLIC MANAGEMENT HAS CHANGED ...ALMOST EVERYTHING WE DO IS ABOUT RISK MANAGEMENT.”
ACCEPTING THAT THERE IS RISK IS PART OF THE OVERALL PACKAGE.

There also needs to be a level of fairness and mutual trust among and between management, governing bodies and indeed the public. If people perceive that more robust reporting exposes them to significantly greater risk than continuing the status quo, they won’t do it, or they won’t do it honestly and meaningfully.

Those interviewed consistently stressed the critical role played by a culture of fairness in strategies to improve performance and performance reporting. It is the essential *quid pro quo* – the *sine qua non* – of robust reporting.

They were realistic in their expectations, recognizing that trying to build such a culture is difficult and will never be completely accomplished.

They are also realistic in their view that creating a culture of fairness is a two-way street. It involves fairness on the part of public servants and elected officials towards each other, and it involves fairness in terms of both how reporting is done and is subsequently dealt with.

As one elected official said, “...*some deputy ministers hide behind their ministers.*”

“HOW DO YOU COMMUNICATE THAT YOU’RE CLOSE TO THE EDGE EVEN THOUGH YOU’RE STILL WITHIN APPROVED PARAMETERS?”

As another elected official said, “...*if I were a Deputy Minister I would refuse to appear in front of a committee that was not ready to take the time to understand my department’s business...*”

Our governance structures are recognized as requiring a level of partisan engagement by elected officials. It is recognized that not all will go according to plan or achieve the desired results and, when this happens, the aspirations of elected representatives may be threatened. It is recognized that the ‘fishbowl’ in which public services are provided often creates an environment in which performance failures are examined in the full glare of public and media scrutiny, sometimes very painfully. In this context poor performance or outright performance failures can, and does, put pressure on everyone’s desire to exercise fairness and maintain mutual respect.

“THE MAJOR PROBLEM IS NOT ONE OF NEVER MAKING MISTAKES, BUT OF NOT LEARNING FROM THEM.”

Virtually every interviewee agreed, however, that significant progress could – and should – be made.

A minimum threshold of fairness and mutual respect is needed if we expect to make substantial further progress in public performance reporting.

*"IF THERE IS TRUST,
PERFORMANCE INFORMA-
TION WOULD BE MORE
MEANINGFUL..."*

The most commonly cited discouragement to meaningful, honest public performance reporting is fear and suspicion that the information will not be used fairly and appropriately by those who receive it, and that the reporters will be treated unfairly as a result. An atmosphere of skepticism and distrust about the use of performance information can act as a powerful inhibitor to effective reporting. This distrust can adversely affect the nature of the information provided.

Why is this distrustful attitude prevalent? The leaders we talked to pointed to the following chain of conditions, discussed elsewhere in this publication, that probably influence how performance information will be received and used:

*"PEOPLE LOVE GOOD
NEWS, BUT TALK ABOUT
BAD NEWS."*

- Unrealistic expectations for performance;
- Concern that risk and responsibility are not being suitably shared;
- The lack of an agreed upon set of principles setting out the basis on which performance information is brought forward;
- Concern that users of information – from the legislature to the public – do not currently have the capacity to understand and use it effectively
- The absence of a 'learning organization' ethos, in which honest efforts will not, in the normal course of events, result in punitive measures.

One other condition deserves further discussion, one that for many of those we interviewed poses a dilemma, that is the often-partisan environment in which performance information gets inserted and used. Partisanship itself is not the problem however it becomes one when partisanship is not tempered with a measure of respect and fair play.

Perceptions of partisanship which has moved beyond constructive criticism and healthy accountability, a media focus on negative results, narrowly focused interest groups and a low level of public understanding are major barriers, which combine to dissuade efforts at meaningful public performance reporting.

*"IF YOU BELIEVE IN QUALITY
IMPROVEMENT YOU'LL GO
FORWARD EVEN WHEN HIT.
IF YOU'RE DOING IT FOR ITS
OWN SAKE, YOU'LL
RETRENCH AT THE FIRST
SIGN OF DIFFICULTY."*

The practical advice we received is that partisanship will not go away and that it would be naive to pretend it does not exist. It is a fact of life – an inherent part of the system. It must be recognized and dealt with – squarely, practically, and constructively.

People are prepared to be held accountable if they know the rules and that the rules will be applied fairly. This is a cornerstone element of any strategy to move forward with the public performance reporting agenda.

Strategies for engaging committees and developing capacity and understanding discussed elsewhere in this publication can, over time and to some degree, temper the level of partisanship.

This above all is the area that leaders will have to engage if they wish to obtain, on behalf of Canadians, the results-oriented governance and management for which they have increasingly charted their course.

2 CREATING REASONABLE EXPECTATIONS *for* WHAT SHOULD BE REPORTED

“COMPREHENSIVENESS AT THE EXPENSE OF UNDERSTANDABILITY IS A POOR TRADE-OFF.”

It is neither responsible nor reasonable to expect that the public can or should be able to absorb a flood of unvarnished data that sophisticated measurement and reporting technology can provide. Simply “*dumping the data*” is an “*abandonment of responsibility*”.

Embracing that responsibility requires making difficult judgments about what information to report and how to present it. Such decisions are closely tied to the values of those who generate and report performance information. Reporting choices are not neutral.

“IF YOU CAN’T GET THE BIG STUFF RIGHT, THE LITTLE STUFF DOESN’T MATTER!”

It was in connection with this fundamental observation that words like ‘values’, ‘ethics’ and ‘courage’ were often mentioned. Leaders also acknowledged that technical and process considerations assist focusing reporting on what is important. However, they recognize that focusing on what is important also requires:

- Deep understanding of the ‘business’
- Insight into users information needs
- Sound judgment in connecting the two above

THERE IS NO ONE SPECIAL SOLUTION... NO ONE SPECIAL SYSTEM THAT WILL ALLOW US TO TRANSFORM FROM WHAT SOME WOULD SAY IS A 1930’S OR 40’S STYLE OF ACCOUNTABILITY REPORTING TO ONE THAT’S MORE CLOSELY AKIN TO THE 1990’S

Exercising such judgment and deciding what to report, interviewees noted, involves risk precisely because it involves making choices and trade-offs. Performance does not always meet expectations, and more sharply focused performance reports may give rise to more pointed criticism. Apprehensions that performance may be compared against unrealistic expectations – especially for reasons unconnected with the public policy goals at issue – exacerbate the perceived risk. Moreover, in an adversarial political environment, discriminating about what to report can itself become contentious, and the reporter may be open to criticism.

WE PRETEND TO REPORT -- THEY PRETEND TO USE IT

THE CATCH 22 OF PUBLIC REPORTING

Lack of trust sets up what might be referred to as the Catch-22 of public reporting.

- Those who receive the reports don’t trust the reporters to make choices that reflect user perspectives and values, so they ignore reports, or look for the worst in what they get.
- Reporters don’t trust that users will accept or respect any use of judgment to filter what is important from all the data, so they report as little as possible (or too much).

Principles to Guide Reporting Judgments

Those interviewed accepted responsibility for finding out what kind of information key users need, for tailoring reports accordingly, and for understanding how reported information is received and used. Consistently and emphatically, they emphasized a need for agreed principles to guide judgments – and to be able to explain those judgments and, if necessary, defend them. Almost all interviewees offered views about the range of matters on which shared understanding is needed in order to build trust.

REPORTING PRINCIPLES – LEADERS TALK ABOUT WHAT THEY SHOULD ADDRESS

Almost all interviewees held views about the range of matters where agreed principles are needed. Foremost among them was the need to establish some principles to help sort out what they should report publicly – and what they should not be expected to report publicly. Other insights from the interviews include:

FOCUS ON USERS. Leaders stressed that meaningful performance information responds to the needs, interests and responsibilities of the user – and to the decision-making capacity of the user.

FOCUS ON RESULTS. There needs to be a much-stronger results-orientation to publicly reported information. This focus on results needs to be achieved with a recognition that governing bodies and Canadians also are concerned that good results are achieved within the context of good control, values and ethics.

FOCUS ON WHAT IS IMPORTANT. Leaders stressed that there needs to be greater selectivity in public reporting to focus on that which is truly important. They observe that oftentimes performance reports deal with a level of operational detail that in fact obscures the real performance story and clouds transparency.

PROVIDE CONTEXT. Performance information can be misleading if it is not presented in relation to the management, governance and public context it is intended to serve. Those receiving performance reports may not be able to draw meaningful understanding of performance without explicit reference points.

Some commented on the need to frame results in terms of, for example, the nature of the problem, the level of resourcing, and what is reasonable to expect to happen.

HAVE A FUTURE ORIENTATION. Some observed that performance information has to be helpful in judging the course of future action.

*“IT’S OF LITTLE USE TO
KNOW NOW WHAT YOU
SHOULD HAVE DONE DIF-
FERENTLY FIVE YEARS AGO.”*

*WE NEED INFORMATION
THAT CAN TELL US ABOUT
THE CAPACITY OF THE
ORGANIZATION TO MANAGE
CHANGE INTO THE FUTURE.*

“AUDITORS MUST BE PART OF THE MOVEMENT FORWARD... [THEY] SHOULD BE GOVERNMENT’S BEST FRIENDS”

ANOTHER MATTER TO CONSIDER IS THAT ONCE YOU IDENTIFY WHAT YOU WANT, PEOPLE WILL TRY TO MANIPULATE THE INDICATORS/DATA TO THEIR OWN ENDS. ... CONFIDENCE AND TRUST MUST RESIDE OR BE PREDICATED ON A BELIEF THAT “INFORMATION IS REASONABLE”

“THE (AUDITORS) OUGHT TO INVOLVE THEMSELVES EARLY IN DEVELOPMENTAL INITIATIVES TO IMPROVE REPORTING ... NOT TO COMPROMISE OR CONSTRAIN THEIR OBJECTIVITY, BUT TO HAVE THESE DEVELOPMENTS TAKE ADVANTAGE OF THEIR PERSPECTIVE AS THE INITIATIVES ARE ONGOING AS OPPOSED TO ONLY AFTER THEY HAVE BEEN COMPLETED.”

Ultimately, trust depends partly on the ability of all key stakeholders to agree a set of principles to guide reporting choices. There is a need for dialogue between those who report and those who use reports in order to arrive at this agreement².

In putting forward the need for principles those we interviewed were not advocating the creation of a reporting ‘strait jacket’. They recognize that principles should never be regarded as a substitute for the exercise of sound judgment concerning the disclosure required in a specific situation.

MAINTAINING CONFIDENCE IN PUBLIC PERFORMANCE REPORTING

Creating a shared understanding of reasonable expectations for what and how to report, while a critical element of building a basis of confidence in public performance reports, was not enough in the view of many of those we interviewed. They recognize that users of performance reports, be they legislators, members of the public or intermediaries such as the media, will look at their reports with a measure of skepticism – especially when good or excellent performance is reported. These reports are, after all, the representations of management and management does have natural pride in their and their employees’ accomplishments. As such, mechanisms that help temper reporting from the extremes of undue optimism or pessimism – and which build public confidence in public performance reports – are judged as essential.

Although our interviews were not directed to a discussion of audit, most of those we interviewed raised this topic in connection with the all-important human dimension of trust and confidence.

The majority of interviewees recognized the great extent to which auditors influence the level of confidence that governing bodies and the public place in the public performance reports. This influence derives from the unique position – one step removed and independent from management – from which auditors provide public and continuous encouragement to advance the quality of public performance reporting. It also derives from the auditors’ perceived level of expertise and hence authority, and from the level of access that auditors have to the public through both legislatures and the media.

That they engaged this subject is indicative not simply of the influence of audit, but also of the value they attribute to mechanisms that provide assurance about the integrity of public performance reports. This assurance can provide important value – bolstering the trust and confidence that is so needed to sustain meaningful public performance reporting. The great majority of those we spoke to are disposed to advancing the capacity of audit to play an effective role in this regard. They know how hard it is to report meaningfully and to establish reasonable expectations for such reports, and they associate the same level of challenge to audits that seek to provide assurance about such reports.

Independence, objectivity and expertise, coupled with credibility among legislators and the public, uniquely qualify audit to:

²CCAF has taken steps to initiate and support such a dialogue.

- Establish appropriately the credibility of publicly reported performance information and the appropriateness of choices. CCAF advisors clearly recognized the benefit, indeed the necessity, of assurance about the reliability of reported information.
- Influence and temper the expectations of all stakeholders, especially legislators and the public. Some elected interviewees noted how their committees depend on help from their legislative auditors for more than simply delivering audit reports. Auditors can also play an educational role and help establish reasonable expectations in a number of key areas.

These include: what level of performance is reasonably attainable; what information is appropriate to report publicly; whether there is an appropriate balance between relevance and precision; and, how quickly legislators and the public should expect public reporting to improve. An independent, knowledgeable and neutral auditor can help stakeholders find meaningful common ground on these important issues.

Realizing audit's potential contribution requires that it be appropriately engaged in reporting issues. This entails finding a balance between the potential risks and benefits of its early engagement. This balance is easier to describe than achieve. To discharge such a role, auditors must not only have developed requisite competency and capacity, to some extent they must also be ready to help create the environment in which it may be reasonable to expect that the risks associated with 'learning by doing' will be taken by management.

But when that balance is appropriately found, we were told that audit can play a significant role.

3 CREATING REWARDS *and* RECOGNITION

The decision-makers interviewed by CCAF were motivated by a range of imperatives to improve public performance reporting. Their primary motivations center on the aims, achievements, policies and values of their organizations and citizens' perceptions of them. Secondary motives stem from the frustration with the status quo.

Virtually all of the interviewees emphasized the importance of "*causing people to want to report*". Doing so, they agreed, is not easy. They consistently described the shift to results-oriented government as a change in culture – rooted in a shift in values, attitudes and behavior – more than an advance in technical competence. Accomplishing this kind of change is not painless.

It takes time and sustained attention to a number of factors that motivate (or discourage) people at all levels to report meaningfully and robustly on performance. Interviewees particularly mentioned the following strategies to influence people's desire and willingness to report:

- Building on public service professionalism and values;
- Providing rewards and recognition for performance.

PUBLIC SERVICE PROFESSIONALISM AND PRIDE

Many of those who contributed their thinking to this publication stressed the importance and behavioral impact of motivators inherent to public service – those of pride and professionalism. They talked about the need to acknowledge and build on these motivating

"ANOTHER KEY TO SUCCESS WAS HAVING AN AUDITOR WHO WANTED IT TO WORK, WHO WAS PREPARED TO PROVIDE A BALANCED REPORT ON WHAT THE GOVERNMENT WAS DOING, AND WHO WAS PREPARED TO GIVE US SOME TIME (TO ORGANIZE, LEARN, IMPROVE). OUR AUDITOR IS FOCUSING ON THE RIGHT ISSUES AND ... THE INVOLVEMENT OF THE AUDITOR DE-POLITICIZES ... (THE PUBLIC PERFORMANCE REPORTING PROCESS)"

"IF MORE ISN'T DONE ABOUT TALKING ABOUT RESULTS...WE WON'T BE ABLE TO SHOW CANADIANS HOW THE FEDERAL PUBLIC SECTOR SUPPORTS AND SERVES CANADIANS"

"THOSE IN THE PUBLIC SERVICE ARE NOT IN IT FOR THE MONEY"

factors to advance public performance reporting. In particular, we were reminded that the public sector is a very special environment in which executives and employees see themselves as public servants who support and serve Canadians and whose motives go beyond 'the bottom line.'

Important factors that can encourage public performance reporting were cited by those we interviewed. They include:

- Employees sense of belonging to an organization that takes pride in achieving results for Canadians;
- Employees sense that they have a stake in these results, and take individual pride in contributing to them;
- Employees' understanding that public reporting is an integral part of the drive to achieve better results.
- Employees' perception that superiors, peers and the public recognize efforts to report.

"TO CHANGE THE WAYS CIVIL SERVANTS THINK AND ACT IN THE NEW REGIME... WE HAVE TO DO MORE TO RECOGNIZE GOOD PERFORMANCE..."

Those who counseled us were of a view that leaders in both elected and appointed positions, who wish to advance the quality of the performance reports they provide or receive, ought to consider these factors as intrinsic motivators already in place. These factors inherently foster a desire on the part of public servants to perform well and achieve high levels of results. We are not at ground zero.

REWARDS AND RECOGNITION FOR PERFORMANCE

"YOU NEED TO TAILOR THE INCENTIVE SYSTEM TO THE VALUES OF THE INSTITUTION."

Building on public service values is essential but in and of itself is insufficient to provide the encouragement required for meaningful efforts at public performance reporting. There is general agreement that additional rewards and recognition are essential to any real progress. These incentives are seen as aligning self-interest with the organizational interest.

"IT IS DIFFICULT TO MEASURE PERSONAL PERFORMANCE WITH THE LEVEL OF EXACTITUDE NEEDED TO SUPPORT JUDGMENTS AS TO WHO GETS HOW MUCH."

An important reality often expressed in the interviews was that to get people to report on results, we must be prepared to reward the results themselves.

The incentive to better report on performance is a secondary one and accrues from a more fundamental appreciation on the part of managers and employees at every level that performance counts and that engaging public understanding of accomplishments, choices made and results achieved is an inherent part of a results oriented philosophy.

What is required is a 'portfolio' of incentives tailored to the specific organization, its values and culture, and its operating environment. The 'portfolio' includes one or more of the following:

" HOW WE DO BUSINESS COUNTS..."

- Increased authority;
- A competitive advantage in obtaining resources;
- Career progression;
- Capacity development opportunities;
- Peer recognition; and,
- Financial compensation (See Text Box, Results-Based Financial Rewards).

RESULTS-BASED FINANCIAL REWARDS-A POTENTIALLY POWERFUL BUT MORE CONTROVERSIAL FORM OF INCENTIVE

While there was more general agreement on the first 5 types of incentives the last, financial incentives for achieving results, revealed more divergent thinking about whether, how far and how fast such rewards should or could be incorporated into incentive systems in the public sector. Some jurisdictions have already incorporated results-based financial incentives for their management cadres. Nevertheless, there were concerns that financial incentives might not be appropriate in the public sector environment. They include:

- That the public would react negatively to financial incentives.
- That the indicators that would drive performance pay might not be appropriately indicative of real performance. That, because measurement is difficult and because of human nature, the bar would be set too low or too high.
- That results based financial incentives may diminish or distort the balance that needs to be achieved between achieving high levels of results and the need to conduct public sector business with due regard to high standards of stewardship.

Moreover, a majority of those who provided their insights felt that successful incentive regimes are those which can be implemented at every level of an organization and which ultimately engage front line personnel. In an environment where front line and other personnel are collectively organized, the ability to implement results-oriented financial incentives at an individual level has been problematic. In addition, one interviewee cautioned that poorly designed financial incentive schemes could cost more to run than justified by their monetary amount and impact. Nevertheless, in a number of different ways and at different paces, financial incentive schemes – typically attaching a high weight to team performance – are being either implemented or considered in different jurisdictions.

To be effective, and perceived as fair, the incentive regime must:

- extend across the organization;
- align individual (or team) goals with those of the broader organization;
- reflect a realistic assessment of results achievement;
- challenge the organization and its employees to attain superior results.

What emerges from these insights is the great importance that leaders should attach to results-based incentives as part of governance and management regimes that promote the achievement of superior results.

The successful management of results-based incentives requires that performance be assessed and reported meaningfully, and incorporated into decisions about the level of both financial and non-financial rewards that ought to be provided to individuals and/or groups of individuals.

4 CREATING INDIVIDUAL *and* ORGANIZATIONAL CAPACITY

“PROGRESS WILL BE CONTINGENT ON THE INVESTMENT WE ARE WILLING TO MAKE IN DEVELOPMENT, TRAINING AND PEOPLE.”

Managing capacity – and confidence in capacity – were significant agenda items for those who we interviewed. Whether their organizations were at an embryonic or more advanced stage of reporting development, we heard consistently about the need to significantly develop the capacity of all groups to better exercise their individual and collective responsibilities.

No one was exempted from this observation. Interviewees consistently talked as much – or more – about capacity for using wisely robust performance reports as they did about capacity for providing them. In their view, public performance reporting is not merely about producing information. It is also about using information at all stages of governance, management and citizen engagement.

They talked about capacity not only in terms of training, but also in terms of experience, understanding and organizational arrangements. And they talked about the need for all players to feel confident in the capacity of other players to play their part. They discussed capacity in the context of expectations for making advances. People like to succeed and they are more likely to buy in to new expectations when they think that they – and other players on whom they will depend – can meet them. Their confidence is increased when:

- strategies for progress in reporting are grounded in realistic plans and measures of success are known ahead of time;
- strategies for progress include, as a prime consideration, the capacity of the key players; and,
- organizational capacity to cope with an ‘information-rich’ environment is provided for.

“WE NEED PEOPLE WHO CAN MANAGE DIFFERENTLY, WHO CAN THINK OUTSIDE THE BOX.”

HAVING A REALISTIC PLAN TO ADVANCE PUBLIC PERFORMANCE REPORTING

People – especially those who have seen a long succession of improvement initiatives – are more likely to ‘buy-in’ to a plan that is demonstrably realistic. Realistic plans for advancing public reporting need to address:

- The starting position and going-in conditions. For example, one interviewee stressed that “... *a reasonable level of public confidence must exist in order to drive the agenda forward*”. Without a threshold level of public confidence in government, he suggested, attempts to report more meaningfully would be ‘marginalized’ and might even exacerbate an already difficult situation.
- The nature of the improvement effort. As more than one interviewee pointed out, improving public reporting is “*a journey, not a destination. It’s not painless ... it takes time.*”
- Improvement goals and interim targets. Many interviewees emphasized the importance of setting clear goals and mileposts – that challenge the status quo but do not set unrealistic expectations as to what can be achieved and by when.
- How to build human capacity.
- How to build organizational capacity needed to cope with robust reporting.

“WE CAN AT A PRAGMATIC LEVEL START, FOR EXAMPLE, WITH THE LEGISLATIVE COMMITTEES THAT... REVIEW OUR ESTIMATES, ... AND TRY TO HAVE A REALLY GOOD DISCUSSION ABOUT PERFORMANCE THAT WOULD LEAD TO A BROADER UNDERSTANDING OF WHY ALL OF THE MONEY THAT’S BEING SPENT ON ... PUBLIC PROGRAMS IS BEING SPENT”.

These two last items – human capacity development and organizing to report – were mentioned often enough to warrant greater discussion.

BUILDING THE CAPACITY OF THOSE WHO PREPARE AND THOSE WHO RECEIVE PERFORMANCE INFORMATION

It takes persistence, practice and learning to develop the capacity to supply information and to use it wisely. It takes astute handling of expectations to keep the capacity for supply and demand in reasonable balance through improvement initiatives. Plans for better performance reporting must deal realistically with this issue to have credibility. These admonitions, frequently cited by leaders, were matched by a sense that we have not done well enough in dealing with them in past efforts.

Regarding those who receive and use reports, interviewees stressed the need for strategies to help develop their capacity as a prerequisite for mature risk management. In particular, many highlighted the need to find ways to develop users’:

- knowledge of the business and understanding of government programs
- appreciation of the levels of risk inherent in the delivery program and the soundness of the basis on which they form their expectations of performance levels
- appreciation of the capabilities and limitations of measurement and the boundaries between the science and the art of measurement

“WE NEED TO ESTABLISH AGREEMENT AROUND WHAT LEVEL OF PERFORMANCE IS BEING SOUGHT, AND SEEN AS REASONABLE.”

On the capacity of the ‘supply-side,’ more of the comments we heard were about those in charge of reporting than with the specialist staff who support them. Consequently, they dealt more with issues of mind-set, understanding, and management of measurement than with more technical methodologies and techniques that form the staple diet of many training and development programs.

DEVELOPING CAPACITY – THE ROLE OF CHAMPIONS

Interviewees point to an important reality in relation to capacity development – not everybody is going to be ‘on side’. There is a common pattern associated with any efforts to make change – a few will be adventurous in taking the first steps; many will wait and see how others have fared before moving forward; some will never get the point.

Pragmatic leaders enlist the few in each key group – inside and outside of the organization – as champions for change. They focus capacity development on these champions to enable them to lead and mentor those of their colleagues who are more disposed to ‘wait and see.’

In this way they not only develop capacity, they distribute leadership strength at strategic points throughout the organization and they build alliances.

Whether they were referring to legislators, ministers, senior executives, aides, or the public, interviewees talked about innovative strategies for developing capacity, including:

- Giving senior managers and governors access to out-of-government experience and knowledge sharing, or bringing in people from outside government. One legislator, for example, described how he had spent time with a major financial institution to help develop a better appreciation of risks and reasonable performance levels;
- Providing opportunities for elected and senior officials to interact and dialogue in non-partisan settings. For example, some referred to out-of-session briefings for parliamentary committees to help them better know the business, especially in connection with the selection of reasonable performance goals, and in relation to risks. Others talked about how they had used, or were contemplating using, legislative committees to provide input to goals and priorities before the government committed itself to them.
- Consultative processes with stakeholder groups to develop consensus around goals and priorities
- More robust and early (in the life cycle of a parliament) orientation for elected officials and key civil servants.

BUILDING THE CAPACITY OF THE ORGANIZATION TO BENEFIT FROM ROBUST PERFORMANCE INFORMATION

"...YOU NEED TO BE PREPARED TO CHANGE THE WAY DECISIONS ARE MADE... AND WHO IS INVOLVED IN THEM."

Organizing is a basic leadership task. It is a vital aspect of capacity, and one that engages leaders in whether the organization helps or hinders people to perform well. Organizational arrangements – particularly key committees, decision processes, and supporting systems – temper attitudes and behaviors about performance and reporting. They can also provide an enduring focus and pressure for a modern view and continuing improvement.

"TECHNOLOGY IS AND WILL CONTINUE TO BE A DRIVER IN REPORTING AND INFORMATION. IT WILL TAKE US SOMEWHERE"

As previously noted, CCAF's advisors thought about public performance reporting not only as something done after-the-fact – explaining the past – but also as something that is ongoing, and concerned with the future. They viewed public performance reporting as informing public decision-making and participation at many stages of the life-cycle of a program or organization and at many levels of decision.

This view of reporting is both enabled by, and responds to, the revolution in information and communications technology. More people can be connected to more data than ever before, and more people feel that they are entitled to be more informed – and listened to.

"STAKEHOLDER GROUPS NOW SOMETIMES HAVE BETTER INFORMATION THAN GOVERNMENT ... THIS CHANGES THE WHOLE DYNAMIC OF HOW AND WHAT INFORMATION IS MANAGED"

A key part then of building organizational capacity is the overhaul of management and governance processes to accommodate and channel more robust and diverse information than we have seen in the past. The re-design of public performance reporting practices is an integral part of the overhaul.

Getting the design right, to obtain the potential benefits of these changes and to mitigate some very real risks, was a topic touched on by a number of advisors. It by no means translates into abandoning responsibility and reporting everything publicly, in real time. Nor does it make sense in committing to report publicly information without being prepared to use results information in support of better decision-making at all levels of operations, management and governance.

No single, one-size solution emerged. Getting the design right – figuring whose interests to serve and how best to meet them – involves compromises and trade-offs that will reflect implicit or explicit values and assumptions. However, as a common theme it was thought that some integrated approaches to decision-making are needed to support the building of organizational capacity.

In summary, building organizational capacity means:

- more integrated reporting vehicles; which contain
 - more integrated information; and which use
 - more inclusive processes to develop, approve and review them.

Particularly as reporting becomes more relevant and robust and as reports become seen to influence decisions, most organizations find it appropriate to create or strengthen bridging and gate-keeping mechanisms.

As noted above, reporting is not neutral. Just about every stage of improving public reporting – from getting the design right, through sharing of risks and responsibilities, and managing the evolution of reporting vehicles – involves some bridging of stakeholder interests. Gate-keeping – directing the information flow, setting standards for information and reporting, making standards stick, and guarding against practices that favor one set of interests over others – protects the system from being starved, or swamped. How the organization provides for and carries out these functions is crucial.

“ONE NEEDS TO BE RATHER CAREFUL ABOUT ENGAGING [STAKEHOLDERS]. TOO MUCH INFORMATION, TOO WIDELY DISTRIBUTED CAN LEAD TO CHAOS”

“THE INFORMATION NEEDS TO BE LINKED TO DECISION-MAKING CAPACITY OF THOSE TO WHOM IT IS BEING DIRECTED. UNFORTUNATELY, WE OFTEN CROSS THE LINE BY SHOVING UP OPERATIONAL INFORMATION INTO A FORUM WHERE THE RECEIVERS CAN’T OR SHOULDN’T BE DEALING WITH IT”

“THE PERFECT INFORMATION SYSTEM AS DEFINED BY A MINISTER IS DIFFERENT FROM THE PERFECT INFORMATION SYSTEM DEFINED BY OPPOSITION MEMBERS OF PARLIAMENT. PERHAPS IT’S DIFFERENT FROM WHAT THE AUDITOR-GENERAL WOULD LIKE OR THE ACCOUNTING TEXTBOOKS OF THE DAY ... AND IT MAY BE DIFFERENT THAN WHAT THE DEPUTY MINISTER WANTS TO RUN THE DEPARTMENT AND IT CERTAINLY WOULD BE DIFFERENT THAN WHAT YOU REQUIRE TO SATISFY A NEWS-HUNGRY PRESS OR DISSATISFIED PUBLIC INTEREST GROUP. SO GETTING THE DESIGN RIGHT, ... IS A HIGH RISK AND A MAJOR CHALLENGE.”

Leadership

The Critical Success Factor

From their various perspectives, each of the people interviewed by the CCAF identified leadership as the overarching human factor involved in making public performance reporting work.

Don Fullerton, then CEO of the CIBC, once said at a CCAF conference, “*look through the window at the top and you will see the heart and soul of an organization.*” In the context of public performance reporting, CCAF would add to that: *And what you see will predict both the richness and the reach of information and the role it will play in helping the organization achieve its goals and create a common understanding of performance, choices and trade-offs.*

LEADERSHIP

As discussed in the interviews and as used in this report, leadership is not the exclusive preserve of those at the top of the hierarchy.

Top-level leadership is necessary to initiate, direct and support movement, but others—in management, specialist and legislative positions—must also show leadership to achieve and sustain significant progress.

Leadership among peers is an important part of the overall equation.

What emerges from the insights given to us are several attributes for leadership that might prove useful as a starting point for governing bodies and executives to use as they assess their own situation.

As one interviewee indicated “*It is not enough to assert the need for leadership...we need to characterize some principles for the kind of leadership that is needed to deal individually and collectively with the human factors we have been discussing.*”

The CCAF agrees. Following is a discussion of some characteristics about leadership that are judged to be of particular importance to the question of public performance reporting, culled from the insights and counsel received. Our characterization of such leadership is presented under the following headings:

- 1 FOCUSED LEADERSHIP
- 2 MANIFEST LEADERSHIP
- 3 PERSISTENT LEADERSHIP
- 4 VALUES-BASED LEADERSHIP
- 5 SUPPORTED LEADERSHIP
- 6 PRAGMATIC LEADERSHIP

1 FOCUSED LEADERSHIP

Leadership needs to be focused if substantive and sustained progress is to result.

- It needs a purpose clearly linked to achievement of better results;
- It needs to be aimed at achieving and reporting on a manageable number of critical outcomes;
- It needs to come from the top; and
- It needs to penetrate throughout the organization.

AS TO PURPOSE – BETTER RESULTS FOR CITIZENS

All those we interviewed recognized their accountability obligations. Few, however, thought that these obligations, in and of themselves, inspired leaders, or the people they lead, to invest heavily of their time in reporting. Rather, it is strongly believed that the real crucible in which leadership interest will be tested lies in the aims, outcomes, policies and values of the organization.

Leaders who understand and emphasize the linkage between performance reporting and the achievement of better results will more likely create a focus that will lead to real achievement than will those who attempt to drive the issue exclusively through an accountability prism. A fundamental leadership strategy is to incorporate public performance reporting as an essential part of results-oriented governance and management regimes – ones where ‘outcomes’ assume a dominant position within a well-defined system of values and ethics and stewardship responsibilities. The position of leaders gives them a unique perspective that allows them to direct the needed integration of performance reporting in results-oriented management approaches and to promote learning and improvement over blaming and defensiveness.

AS TO A MANAGEABLE NUMBER OF OUTCOMES/STRATEGIES

A dominant perception was that performance reporting often tries to deal with too many things. Many interviewees referred to the volume of measures and associated information that are now reported. Those for whom it is intended simply cannot absorb it. In some cases information is reported because it is easily collected and compiled, while other important outcomes or impacts are left untreated.

Similarly, there needs to be a manageable number of strategies, approaches and initiatives to improve reporting practices and underlying systems. Initiatives that simply add on new requirements tend to spread scarce information collection, compilation and reporting capacity too thinly, lowering the quality of all reporting. As one experienced deputy minister said: “*We need one-stop shopping.*”

A common theme was that successful leadership strategies will likely be those that emphasize a desire, and demonstrate a commensurate level of courage, to focus on a small number of key outcomes and a small number of integrated vehicles through which to report. Such outcomes and strategies ought to focus on key elements of their organization’s success – on the benefits that they create for Canadians.

LEADERSHIP FROM THE TOP

Advancing the development and reporting of meaningful, robust public performance information involves cultural change for many public sector organizations. That's because public reporting has been greatly influenced by management and governance traditions that have frequently been more oriented to guarding performance information than reporting it. As one elected official said:

“ ...It's all about moving from a culture of secrecy to a culture of described risks – one in which we talk about what happened in relation to what we think ought to have happened. And it's about putting on the table performance expectations that are reasonable, knowing full well that goal achievement is a relative not an absolute.”

Reporting that identifies reasonable and well-articulated expectations for performance as well as results, and that focuses with clarity on a relatively small number of important things, introduces both political and other risks. Accordingly, all those interviewed thought that top leaders need to be visibly associated with, and committed to the performance reporting regime.

The extent to which the tone is set from the top is a pivotal factor in determining the extent to which reporting will be meaningful and useful.

A natural interest in this subject may not be inherent in all top leaders. Some interviewees suggested that some leaders are born with it, others not. If not born with it, they said, leaders will not support results-oriented management and reporting. However, views were not consistent. Others provided a more situational assessment: top leaders, even without a natural interest, will provide support where they see real demand or imperative to do so.

In this context, the involvement of first ministers is judged as key to securing the support and priority of ministers. In turn, the individual and collective (through key Cabinet committees) leadership of ministers is needed to ensure priority and the appropriate investment of effort and human and financial resources.

Legislatures are by their very nature places where competing policies, ideas, priorities and philosophies are played out. As a result, bringing a dispassionate view or a 'corporate' focus to government performance and reporting is, and will continue to be, difficult. Nevertheless, many of those interviewed believe strongly that all caucus members have an important leadership role to play, especially in committees. They can do this through the way they use information, the purposes for which they use it, their understanding of the businesses on whose performance the information seeks to shed light, and the expectations they express relative to this information. Pressures from such sources as caucus members needing information to explain policies and performance to constituents were cited as helping to persuade top leaders of the utility of robust public reporting.

The visible commitment of top public servants – Cabinet clerks/secretaries and deputy ministers – was universally cited as critical. Simultaneously, it is recognized that the commitment that these top executives are prepared to make to these issues is in good part contingent on the interests of elected officials, particularly those who comprise the executive arm of government.

2 MANIFEST LEADERSHIP

Leadership is not metaphysical –

- it needs to be apparent and be seen to connect knowledge and information about performance with decision-making and policy formulation.

The extent to which this happens in practice will provide strong evidence to all that the performance reporting component of results-oriented management regimes has meaning and importance and that it therefore demands attention and excellence.

IN DECISION-MAKING

Performance information needs to be, and be seen to be, reflected in decision-making and policy formulation. We were counseled that this does not mean that policy and programming decisions must be driven solely by performance issues or performance information. To advance such a view fails to take into account the multiplicity of factors that enter into decision-making and policy formulation. However, we received advice that leaders need to ensure that performance information has a central and influential role and is seen by all in the organization and by the public, to have such a role.

As one Deputy Minister said “...*it has to figure in the tough policy and operational decisions not just the easy ones*”. It needs to be used in explaining options and it needs to be cited in explaining choices and in how risk is actually managed. It needs to be both used, and seen to be used, in making significant, not simply marginal, change to the status quo.

IN POLICY, PRINCIPLES AND VALUES

To be manifest, leadership needs to be reflected in information reporting policy and principles, which reflect pragmatic strategies and approaches to performance reporting. Policies that reflect the values and ethics desired by the organization are a key element of ‘manifest leadership’.

Such policies, particularly when they reflect a mature approach to responsibility and risk sharing, help build a climate of trust and confidence between executives, managers and employees and between the elected arm of the executive and public servants.

Because performance reporting, as earlier discussed, produces its own risks, leadership needs to go beyond urging – it needs to create some rules of the game.

Such policies have to have as their intent the creation and maintenance of ‘learning organizations’ with all that this implies.

IN INCENTIVES

Those who counseled us thought that making progress in public performance reporting requires an array of instruments and approaches to provide motivation and rewards. They also advised that ultimately, although not easy, incentive regimes should operate at every level of the organization including (either on a team or individual basis) for employees whose employment is governed by collective agreements.

Only the top leaders of an organization are in a position to champion the creation of such regimes and to gain their acceptance. Moreover, it is the top leaders who must ensure that such regimes operate realistically – that they succeed in striking the right balance. They cannot set the bar so high as to effectively discourage people or so low that the correlation between results and rewards is meaningless.

If regimes of financial and non-financial incentives are essential to performance oriented management and governance and if only the top leaders can ensure that meaningful such regimes are established – then creating and nurturing meaningful incentive regimes is an important element of manifest leadership.

3 PERSISTENT LEADERSHIP

Leadership needs to be both steadying and tenacious in order to recognize both the risks associated with meaningful performance reporting and the continuous learning and improvement that are associated with it over time.

STEADYING LEADERSHIP

Leadership must be steadying to allow the organization to sustain its effort, even when criticized. Many interviewees were emphatic that, while a sense of urgency ought to attend the allied goals of attaining results-oriented management and good public performance reporting, we have to accept that in practice progress will be made in stages. The processes involved are iterative and, for some human factors, generational change will determine the pace and nature of progress.

These views recognize that cultural change, capacity development and rapidly-changing operating environments and business methods, as well as the development of management and governance capacity, are all bundled up with, and influence, the evolution of management and performance reporting practice. Equally, helping to develop the capacity of the public to receive, assimilate and use such information and to draw benefit from it is a continuous and imperfect process.

Many interviewees pointed out that results will, on occasion, attract (sometimes-considerable) criticism. Such criticism can discourage efforts to make reporting meaningful. The very possibility of such criticism can be, in and of itself, a disincentive to report meaningfully. Under these circumstances, top leaders and executives must provide leadership that has a steadying impact on their organization and on those within it who may be most susceptible to such criticism.

TENACIOUS LEADERSHIP

The views expressed above suggest that we should look at public performance reporting as an exercise in continuous learning and improvement – a continuum. Perfection will never be attained because it is unattainable but meaningful and useful reporting is achievable and needs to be a continuing goal of leadership.

Some commented that “*no one likes having their performance judged as possibly inadequate and therefore accountability does not necessarily come naturally*”. Others pointed out that sporadic ‘pushes’ to enhance performance reporting tended to produce reporting regimes that were not durable.

An important dimension of effective leadership, frequently alluded to, was the persistence of top leaders to stay with the subject and to manifest their interest and commitment to it over time. This assumed particular importance in the minds of those who have experienced frequent changeover in leadership, or very tight direction from a very small number of individuals with strong leadership attributes. Things can improve quickly when results-oriented management and reporting is a central interest of such leaders. But it can ebb equally fast when it is not.

In this context the need to create durable mechanisms to maintain a focus and a pressure for continuous improvement on the issue, over time, was thought to be another important dimension of leadership.

4 VALUES-BASED LEADERSHIP

Leadership needs to be based on a set of values and a mind-set that is transparent to:

- the public,
- the governing body,
- management and
- employees at every level.

Leadership should project a clear and broad-based set of values/ethics that is transparent to all. How meaningful performance reporting is in describing the choices and accomplishments of public sector institutions is a reflection of the value set that binds together the publics those organizations serve, their governing bodies, their management, their employees, and others involved such as auditors. Accordingly, the appropriateness and adequacy of performance reporting should be judged in that context.

We came away from our consultations with a strong sense that leaders look at issues like ethics in a much broader context than simply whether the exigencies of legal or administrative procedure were observed in the conduct of public business. They extend their thinking to the very real implications for individual Canadians of the policies and programs they create and deliver – the moral dimension. Decisions about performance levels and resource allocations in health, education and social services, for example, have both immediate and long-term impacts for individuals. Leaders scope these impacts into their consideration of ethics and values, understanding that the way public sector organizations go about their business should reflect the values of the society in which they exist.

In this context, a number of those interviewed believe that leaders must articulate the values that inform their decisions and make transparent these values as an inherent part of their drive toward results-oriented management regimes and associated public performance reporting. Not only must they articulate their values and demonstrate them in action. They must also take steps to embed them in underlying patterns of behavior and ensure that rewards and sanctions align with expressed values.

We were also told that leaders must establish and maintain management and governance philosophies that recognize that good governance and risk management must balance legitimate needs for executive level confidentiality/secretcy, with approaches that favor described risks, reasonable expectations and pragmatic reporting of results.

The judgments that must be made to secure this balance are not easy ones, nor are there any hard and fast guidelines that can be applied to all situations. What might be appropriate and helpful by way of publicly reported information in one set of circumstances could be totally inappropriate and possibly harmful elsewhere.

5 SUPPORTED LEADERSHIP

Setting the tone from the top is an essential, but not the only, element of leadership needed to achieve results-oriented management and meaningful public reporting. Top leaders must identify, engage and develop support within the organization.

Leadership does not take place in a vacuum – it needs to be supported competently and consistently. This too was a recurring theme in our consultations. While leaders must set the tone from the top, champions and facilitators must emerge within the system to support the effort and maintain momentum. It is the job of top leaders to ensure that such people are identified and strategically placed.

Many of the issues associated with improving publicly reported performance information have both technical and highly judgmental elements. Some aspects require technical capacity of a very high caliber. Others demand the kind of seasoned judgment and mature wisdom that come with breadth of experience in management/and or governance. Top leaders need to be supported by individuals who possess such experience and capacity if leadership effort is to be sustained and converted into results.

The substantive capacity required of such individuals is significant and suggests that it will be both expensive and in short supply. Under these circumstances a key dimension of leadership by both elected officials and executives will be the investment decisions they make with respect to the acquisition, deployment, and ongoing capacity development of individuals who are mandated to champion progress and to support top decision-makers.

6 PRAGMATIC LEADERSHIP

| It is time to mature the mind-set, and the discussion, and to move forward. |

The need to be pragmatic in providing leadership on the human dimensions of public performance reporting was a persistent theme from the interviews.

The notion of pragmatism advanced was not one of simply being expedient, avoiding the tough issues and taking the path of least resistance. Rather it was about being focused, practical, persistent and flexible. It was about overcoming limitations and barriers when you can, and about doing your best within these constraints when you cannot fully overcome them.

For those consulted, the fundamental issue is not how good public performance reporting can be in an ideal world, but how good it must be in a practical world. What they were saying is that they are prepared to bring a new level of resolve to dealing with the issue. Indeed, they were insistent that unless this is done – and done collectively – people will begin to pull away, the situation will regress, and much of the value from investments made to date will be put at risk, if not lost.

All of this signals the new level of maturity that interviewees think needs to be brought to the performance reporting issue. It also reflects their belief that it is both necessary and timely to create a conversation about this matter – a conversation that extends across all constituencies involved in the generation, reporting and use of performance information.

At the root of this viewpoint is the strongly-held view that while certain matters must be dealt with, and while progress is possible, there are also practical limitations as to what can be achieved, and how quickly. The advice we received is not to ignore these limitations, but to test them, to respect them, and to manage effectively within them.

It is time, interviewees assert, to mature the mind-set and the discussion:

- to state that which is vital and hold to it;
- to focus energy on that which is doable and just do it;
- to recognize the conditions and obstacles to moving forward and to manage them;
- to set a challenging, realistic and dynamic plan of action.

This plan, many interviewees contended, needs both guiding ideas and principles around which to focus conversation, and concrete progress markers. With those in place, investments in public performance reporting can be channeled and progress can be assessed.

APPENDIX

Engaging the Human Dimensions of Public Performance Reporting ~

A Checklist

APPENDIX TO

Going Public ~ Leadership for Transparent Government

Getting Started

Good public performance reporting is neither an abstract idea nor a fixed goal. There is no one-size-fits-all template. Good public performance reporting responds dynamically to add value for real people in real situations. It adds value when there is justified confidence in the integrity of the whole reporting process – from the information it conveys to the processes for using it.

CCAF believes that the key to building justified confidence lies in securing commitment to an agreed road map to guide the change effort. The road map should provide a robust and shared view of:

- the gap(s) between what public performance reporting currently delivers and what the organization and its key publics should reasonably expect;
- the nature and extent of changes to current arrangements – particularly those pertaining to human factors – that would be needed to support efforts to close any gap(s); and
- the nature of progress that is expected, the rate at which it can be made, and how progress will be recognized.

Such a road map will reflect decisions and choices, properly made by the organization's leaders. To build understanding and acceptance for these choices, it is important that leaders appropriately engage key internal and external stakeholders

CCAF suggests a three-step process and provides supporting materials for elected and appointed leaders who want to build confidence in the integrity of their public performance reporting.

- A good first step is for leaders to organize their own thinking on these matters
- As a second step, leaders should seek out the views of their peers and colleagues, to see how closely they share leaders' perceptions and where they may differ
- After exploring and understanding the underlying reasons for different views among peers and colleagues, a third step is to engage other stakeholders in the conversation.

HUMAN FACTORS IN REPORTING - A "GOING-IN" APPRECIATION

As an introductory exercise, use the following scale

- A = Agree strongly* *B = Agree generally*
C = Disagree somewhat *D = Disagree strongly*

to assess how well each of the statements below describe your organization's

CURRENT SITUATION

We – and key stakeholders – share a view of the imperatives for improving public performance reporting.

We – and key stakeholders – share a view of the direction in which public performance reporting should advance.

We – and key stakeholders – share a view of the prospects for making sustained progress.

MANAGEMENT OF HUMAN FACTORS

Key human factors are managed in a way that supports robust and meaningful public performance reporting.

LEADERSHIP

Leadership – at the top and throughout the organization - supports robust public performance reporting

I IMPERATIVES FOR CHANGE

First, please consider the importance to your organization of each of the following imperatives for change. Then consider the extent to which public reporting is relevant to your organization's overall governance and management responses to these imperatives.

Use a scale of 0 to 5, where 0 is Low and 5 is High

How important is this imperative?

How relevant is reporting to it?

- | | | | |
|-----|----|--|-----|
| ___ | 1 | External demands for good governance, stewardship and accountability | ___ |
| ___ | 2 | Growing competitiveness for human and financial capital | ___ |
| ___ | 3 | The need to work better with other governments | ___ |
| ___ | 4 | The need to provide direction to 'knowledge workers' | ___ |
| ___ | 5 | The need for consensus on the goals of public policy and framing debate in terms of results | ___ |
| ___ | 6 | Political risks of publics poorly informed about choices, risks and performance expectations | ___ |
| ___ | 7 | The need to support results-oriented and value-based management | ___ |
| ___ | 8 | The ability to manage risk and uncertainty | ___ |
| ___ | 9 | The need for "market permission" | ___ |
| ___ | 10 | Other | ___ |

II OBSTACLES TO PROGRESS

Please assess the importance/strength of obstacles to further sustained progress in your organization. Then consider how well management approaches deal with these obstacles.

Use a scale of 0 to 5, where 0 is Low and 5 is High

How important is this obstacle?

How well are we dealing with it?

- | | | | |
|-----|---|--|-----|
| ___ | 1 | Perceptions of political and other risks of robust reporting | ___ |
| ___ | 2 | Resistance to change | ___ |
| ___ | 3 | Lack of leadership focus | ___ |
| ___ | 4 | Availability of human or financial capital for investment; | ___ |
| ___ | 5 | Other (<i>specify</i>) | ___ |

III VIEW OF WHAT REPORTING OUGHT TO BE

Please rate the importance of the following possible features to your view of what public reporting ought to be. Then, assess the extent to which current approaches exemplify that feature.

Use a scale of 0 to 5, where 0 is Low and 5 is High

How important is this feature?

How well does current reporting do it?

- | | | | |
|-----|---|---|-----|
| ___ | 1 | Convey a leadership appreciation and interpretation of trends, performance and directions | ___ |
| ___ | 2 | Integrate financial and non-financial results so that key aspects of performance are considered in relation to one another | ___ |
| ___ | 3 | Focus on important results as they affect Canadians | ___ |
| ___ | 4 | Play a more defined role in the continuing dialogue between governments and citizens about services and service levels | ___ |
| ___ | 5 | Support government's role as a consensus builder and communicator of a vision around public policy; | ___ |
| ___ | 6 | Be dynamic and responsive to user needs and changes in the environment) | ___ |
| ___ | 7 | Be considered in theory and practice as an integral part of governance and management responsibilities | ___ |
| ___ | 8 | Be considered when policy is formulated, strategies are defined, delivery methods are selected, and as operations are ongoing | ___ |
| ___ | 9 | Other (<i>specify</i>) | ___ |

IV INSTRUMENTS OF CHANGE

Please assess the strength of the following trends or events and then consider the extent to which current approaches to improvement link into these trends.

Use a scale of 0 to 5, where 0 is Low and 5 is High

How strong is this trend or event?

To what extent are we taking advantage of it?

- | | | | |
|-----|---|---|-----|
| ___ | 1 | Legislative initiatives requiring public performance reporting | ___ |
| ___ | 2 | Administrative initiatives and investments | ___ |
| ___ | 3 | The advent of partnerships and their public performance reporting requirements | ___ |
| ___ | 4 | Changes in mechanisms of public policy formulation and delivery | ___ |
| ___ | 5 | A new generation of management | ___ |
| ___ | 6 | Interactions and collaborations with private sector in implementing public policy | ___ |
| ___ | 7 | Tendency to compare and benchmark performance across jurisdictions | ___ |
| ___ | 8 | Other (<i>specify</i>) | ___ |

V SITUATION ASSESSMENT

In the light of the above, please confirm or modify your initial responses in respect of the current situation. In coming to your assessment, it may be useful also to consider, for example:

- To what extent do legislators, executives, staff, program beneficiaries and subjects, and delivery partners share a view of your organization's public policy goals, the extent to which they have been met and the choices available?
- To what extent has public performance reporting changed over the last (say) five years to reflect changes in, for example, the organization's priorities, its business cycle, threats and opportunities in the environment or changing technology?
- To what extent have legislators, executives, staff, program beneficiaries and subjects, and delivery partners shared their views on the kind and rate of change that should take place?
- To what extent will existing initiatives close any gaps between what is needed and what is being currently delivered?

SITUATION ASSESSMENT

How well do the statements below describe your organization? Use the following scale.

A = Agree strongly *B = Agree generally*
C = Disagree somewhat *D = Disagree strongly*

We – and key stakeholders – share a view of the imperatives for improving public performance reporting.

We – and key stakeholders – share a view of the direction in which public performance reporting should advance.

We – and key stakeholders – share a view of the prospects for making sustained progress.

VI MANAGEMENT OF HUMAN FACTORS

First, please assess the importance of the following human factors to the way public performance reporting plays out in your organization. Then, assess how well each is managed.

Use a scale of 0 to 5, where 0 is Low and 5 is High

How important is this factor?

How well is it managed?

RELATIONSHIPS BUILT ON RESPECT AND FAIRNESS

- | | | | |
|-----|---|--|-----|
| --- | 1 | Responsibilities and entitlements of those who report and those who use performance information are reasonably understood and respected. | --- |
| --- | 2 | Reported information is aligned with agreed responsibilities. | --- |
| --- | 3 | Shared responsibilities are accepted and respected. | --- |
| --- | 4 | There is a mature risk-sharing environment. | --- |
| --- | 5 | Ensuring an environment of fairness | --- |

REASONABLE EXPECTATIONS FOR WHAT SHOULD BE REPORTED

- | | | | |
|-----|---|--|-----|
| --- | 6 | Reporting choices are guided by agreed principles that reflect shared values | --- |
| --- | 7 | Reporting choices are the subject of explicit dialogue and agreement | --- |
| --- | 8 | Audit is appropriately engaged in strategies for advancing reporting | --- |

REWARDS AND RECOGNITION

- | | | | |
|-----|----|---|-----|
| --- | 9 | Initiatives to report recognize and build on public service professionalism and pride | --- |
| --- | 10 | The financial and non-financial rewards provided to individuals and groups meaningfully reflect their performance | --- |

INDIVIDUAL AND ORGANIZATIONAL CAPACITY

- | | | | |
|-----|----|---|-----|
| --- | 11 | Realistic, serious, and supported improvement plans underlie initiatives to advance | --- |
| --- | 12 | There is confidence in capacity – of self and others – to deliver on plans. | --- |
| --- | 13 | Organizational arrangements support advances | --- |
| --- | 14 | Other (<i>specify</i>) | --- |

VII CONCLUSION ON HUMAN FACTORS

The answers to the above should help confirm or modify the initial assessment of how well human factors are managed to support significantly better public performance reporting. In coming to this conclusion, it may also be useful to consider, for example:

- The extent to which surveys and independent assessments support initial assessments
- The extent of confidence in and use of public performance reports
- The extent to which human factors have been part of the dialogue with key stakeholders
- The extent to which improvement plans have been discussed with stakeholders

HUMAN FACTORS – CONCLUSION

How well does the statement below describe your organization's management of the human factors? Use the following scale.

A = Agree strongly B = Agree generally
C = Disagree somewhat D = Disagree strongly

Key human factors are managed in a way that supports robust and meaningful public performance reporting.

VIII LEADERSHIP

Please assess the importance of each of the following leadership characteristics to the effective achievement and reporting of results. Then, please assess the extent to which your organization's leadership style and approach exhibits them.

Use a scale of 0 to 5, where 0 is Low and 5 is High

How important is this characteristic?

How well are we doing?

FOCUSED LEADERSHIP

- | | | | |
|-----|---|---|-----|
| ___ | 1 | Gives a dominant position to outcomes within a well-defined system of values and ethics for conduct of business | ___ |
| ___ | 2 | Focuses efforts - on key results, and on a manageable number of initiatives | ___ |
| ___ | 3 | Comes from the top of the organization | ___ |
| ___ | 4 | Penetrates throughout the organization and into stakeholder communities | ___ |

MANIFEST LEADERSHIP

- | | | | |
|-----|---|--|-----|
| ___ | 5 | Demands performance information to support decision making and policy formulation | ___ |
| ___ | 6 | Reflects values and ethics in reporting policy, principles and practices. | ___ |
| ___ | 7 | Deploys a meaningful portfolio of incentives for better performance and robust reporting | ___ |

PERSISTENT LEADERSHIP

- | | | | |
|-----|---|--|-----|
| ___ | 8 | Steadies the organization and individuals in the face of criticism | ___ |
| ___ | 9 | Tenaciously pursues continuous improvement and long term learning | ___ |

VALUES-BASED LEADERSHIP

- | | | | |
|-----|----|--|-----|
| ___ | 10 | Makes values explicit | ___ |
| ___ | 11 | Applies values and ethics in decision-making and day-to-day interactions | ___ |
| ___ | 12 | Balances legitimate needs for executive confidentiality with approaches that favour described risks, reasonable expectations | ___ |

SUPPORTED LEADERSHIP

- | | | | |
|-----|----|--|-----|
| ___ | 13 | Acquires, deploys and develops individuals with technical capacity and judgment to champion progress and support decision-makers | ___ |
| ___ | 14 | Builds structures to sustain progress | ___ |

PRAGMATIC LEADERSHIP

- | | | | |
|-----|----|--|-----|
| ___ | 15 | Recognizes limitations & constraints | ___ |
| ___ | 16 | Sets up a challenging, realistic and dynamic road-map for moving ahead | ___ |

IX CONCLUSIONS ON LEADERSHIP

In the light of the above, please confirm or modify your initial assessment of the extent to which leadership supports robust reporting. It may also be useful to consider, for example:

- The extent to which leaders have agreed on and communicated imperatives to change.
- The extent to which leaders have engaged directly in consideration of key human factors, and particularly those bearing on motivation and incentives;
- The range, tenor and results of discussions with stakeholder groups and or their representatives
- Stakeholder perspectives as revealed by surveys, etc.
- The arrangements made to integrate human factor considerations into decisions about systems, methodology and technology;

LEADERSHIP – CONCLUSION

How well does the statement below describe leadership in your organization? Use the following scale.

A = Agree strongly *B = Agree generally*
C = Disagree somewhat *D = Disagree strongly*

Leadership – at the top and throughout the organization - supports robust public performance reporting

X THE WAY FORWARD

Consider:

- What are the key gap(s) between what public performance reporting currently delivers and what the organization and its key publics should reasonably expect?
- What is the nature and extent of change to current arrangements – particularly those pertaining to human factors – that would be needed to support efforts to close any gap(s)?
- How much progress is expected, how fast, and how will progress be recognized?

CCAF-FCVI is a national, non-profit research and education foundation with a mission to provide exemplary thought leadership and to build both knowledge and capacity for effective governance and meaningful accountability, management and audit in the public sector.

- Over the past decade, CCAF has contributed significantly to advances in the accountability reporting relationship between management and governing bodies. Its work has sought to bridge the interests of members of governing bodies, managers, information preparers and auditors and to help them lead progress toward better use of information in support of governance, accountability and good management.

The knowledge and experience gained through more than a decade of progress provides CCAF with a natural interest in - and capacity to effectively pursue - the aims of its research and development program on Public Performance Reporting, which are to:

- advance public reporting and auditing principles and practices;
- establish shared understanding and agreement on public accountability and reporting matters within and among the governance, management and audit communities; and,
- provide education and capacity development support.

CCAF is undertaking this program in response to the needs and interests of its members.

Other CCAF publications resulting from the program include

- **Public Performance Reporting** – Perspectives, Issues, Considerations (Proceedings of a symposium held in Ottawa on March 30, 1999)
- **Principles for Building A Public Performance Report** – A Discussion Paper from Canada's Legislative Audit Community
- **Auditing Public Performance Information and Reports** – Legislative Audit Practices in Canada, Baseline 2000
- **Public Performance Reporting** – A Management Perspective

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