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IN BRIEF



## Does Reporting on Results Make a Difference?

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# CONTENTS

1	INTRODUCTION.....	1
2	WHAT IS REPORTING ON RESULTS?.....	1
3	A BRIEF HISTORY .....	2
4	RECENT INITIATIVES.....	3
5	OBSERVATIONS BY AUDITORS GENERAL OF CANADA.....	3
6	CHALLENGES .....	4
7	INTERNATIONAL PRACTICES.....	5
7.1	Australia .....	5
7.2	United States.....	6
7.3	Organisation for Economic Co-operation and Development .....	6



# DOES REPORTING ON RESULTS MAKE A DIFFERENCE?

## 1 INTRODUCTION

Canadians want to know whether public funds are being used wisely and government programs and services are working well. Traditionally, governments have kept track of and reported on their use of inputs, e.g., the human resources allocated, and the amount of money spent, in their delivery of programs and services. While this is an important part of accountability, governments also need to report on whether their programs and services are effective in achieving their intended goals: they need to report on results.

This publication outlines efforts on the part of the federal government to implement reporting on results and to improve the effectiveness of its reporting over the past decades; recent initiatives on results-based reporting; observations by auditors general on the quality of the information reported; systemic challenges that inhibit the effectiveness of reporting on results; and some practices in other jurisdictions.

## 2 WHAT IS REPORTING ON RESULTS?

The federal government supplements its financial reporting with reporting on results. To this end, it sets out performance expectations at the beginning of the fiscal year in departmental plans and then reports on the achievement of its objectives after the end of the fiscal year in departmental results reports.

More specifically, federal organizations define objectives for their programs, develop performance indicators that demonstrate whether the objectives are achieved, set targets or goals with respect to the indicators and report on actual performance against the indicators.

Ideally, reporting on results should tell a performance story, explaining how the use of human and financial resources to engage in various activities led to, or contributed to, desired outcomes. Table 1 provides an example of the relationship between government activities and intermediate and long-term outcomes.

**Table 1 – Results of an Anti-smoking Program**

Activity	Outputs	Intermediate Outcomes	Long-Term Outcomes
<ul style="list-style-type: none"><li>• Development of advertising campaigns and educational material on the harms of smoking and how to quit</li><li>• Development and promulgation of regulations on the production and sale of tobacco</li></ul>	<ul style="list-style-type: none"><li>• Anti-smoking advertising campaigns</li><li>• Distribution of educational material</li><li>• Enforcement of tobacco regulations</li></ul>	<ul style="list-style-type: none"><li>• Reduced numbers of new smokers and total smokers</li><li>• Compliance with tobacco regulations</li></ul>	<ul style="list-style-type: none"><li>• Reduced incidence of smoking-related health problems and deaths</li><li>• Reduced health care costs associated with smoking-related health problems</li></ul>

Source: Table prepared by the author based on information obtained from the Auditor General of Canada, "Exhibit 5.2: An Anti-Smoking Program," [Report of the Auditor General of Canada to the House of Commons – 1997](#), Vol 1, 1997.

To tell a performance story, organizations need to set concrete, specific and attainable objectives based on desired outcomes; demonstrate clearly how their programs contributed to short- and long-term goals; and credibly present successes and failures, as well as areas for improvement. Reporting on results can incorporate a variety of methods, including qualitative descriptions of achievement, quantifiable performance indicators and summaries of independent evaluations of program effectiveness.

The intended benefit of reporting on results is to improve the efficiency and effectiveness of program delivery, as well as accountability for achieving results that matter to Canadians. It allows governments to learn from experience, improve program performance and allocate limited resources to where they have the most impact.

### 3 A BRIEF HISTORY

The federal government has sought to implement and improve its reporting on results over the past five decades. These efforts have usually been tied to changes in how expenditure decisions are made.

In 1969, the government adopted the Program, Planning and Budgeting System with the intention of focusing management and Cabinet attention on program objectives and the effectiveness of programs through regular assessments. Under this system, the estimates were revised to present expenditures on a program basis with accompanying statements of objectives.

In 1979, the government introduced a new approach to expenditure management called the Policy and Expenditure Management System, which involved Cabinet committees setting priorities within expenditure envelopes and funding new initiatives from policy reserves. To support this process, departments developed multi-year operational plans outlining expected expenditures for ongoing programs. In 1982, the government introduced Part III of the estimates, expenditure plans for departments and agencies (Part I is the government expenditure plan and Part II is comprised of the main estimates), which were departmental documents that outlined programs, planned and actual results, related expenditures and performance data.

In 1995, the government revised the expenditure management system to encourage ongoing review of existing programs and services and to fund new initiatives through the reallocation of existing resources. The Improved Reporting to Parliament Project, which was undertaken in 1996 in collaboration with a parliamentary working group, resulted in Part III of the estimates being split into two, beginning in the 1997–1998 fiscal year: reports on plans and priorities, which were tabled in the spring, and departmental performance reports, which were tabled in the fall.

In 2000, the government released *Results for Canadians: A Management Framework for the Government of Canada*, which included a commitment to move toward a results-based management approach for “all major activities, functions, services and programs of the Government of Canada.”<sup>1</sup> The goal was to establish a more productive cycle of planning, measuring, evaluating and reporting results to citizens and Parliament, leading to “a culture of continuous learning and adjustment.”<sup>2</sup>

## 4 RECENT INITIATIVES

Efforts to improve reporting on results have continued in recent years.

In its 2016 Budget, the federal government indicated that it “is moving to a culture of measurement and impact, and is putting in place the tools to deliver on priorities, align resources to programs and activities that deliver real value for Canadians, and provide meaningful information to Canadians and Parliament.”<sup>3</sup>

As part of this approach, the government established a Results Delivery Unit within the Privy Council Office, which supports efforts to monitor the delivery of government commitments, addresses implementation obstacles to key priorities and reports on progress to the Prime Minister.<sup>4</sup> The unit maintains a “Mandate Letter Tracker,” which provides information on the completion status of commitments outlined in mandate letters sent by the Prime Minister to each Cabinet minister.<sup>5</sup>

In July 2016, the Treasury Board released its Policy on Results,<sup>6</sup> which replaced, among others, the Policy on Evaluation (2009) and the Policy on Management, Resources and Results Structures (2010). Under the new policy, federal departments are required to prepare departmental results frameworks that set out core responsibilities, develop inventories of programs, define results indicators for their programs, maintain robust performance measurement functions and establish neutral evaluation functions, including five-year evaluation plans.

In October 2016, the government released the discussion paper *Empowering parliamentarians through better information*.<sup>7</sup> The paper outlined the changes to departmental reports that would occur as a result of the Policy on Results; that is, departments would report on results frameworks based on core responsibilities and inventories of programs.

The paper also described how additional reporting would be included in GC InfoBase,<sup>8</sup> which is an interactive data-visualization tool created in 2013 that provides infographics and data on federal finances, people management and results. The information in GC InfoBase is derived from federal publications, such as estimates documents, departmental plans and results reports, and the public accounts. It presents this information in an online, searchable format.

The government has also directed federal organizations to include information on gender-based analysis plus (GBA+) in their departmental plans and results reports.

## 5 OBSERVATIONS BY AUDITORS GENERAL OF CANADA

Various auditors general of Canada have supported reporting on results and have commented on areas for improvement in the quality of the information provided to Parliament.

For example, in 1975, the Auditor General noted that the “narrative information [in the estimates] provides insufficient indication as to what those involved in the

## DOES REPORTING ON RESULTS MAKE A DIFFERENCE?

program actually do, who benefits, or the precise results sought.”<sup>9</sup> In 1987, the Auditor General stated:

There is no doubt that Parliament now has more, better and more timely information on government programs. ... There is still room for improvement in the way departments describe how resources will be used to achieve results. Information on what has been accomplished with resources received in previous years is inadequate for purposes of accountability.<sup>10</sup>

The auditors general continued to comment on reporting on results in their 1988, 1992, 1995, 1997 and 2000 reports. In 2002, the Auditor General released a model to rate departmental performance reports, which involved five criteria:

- Organizational context and strategic outcomes are clear.
- Performance expectations are clear and concrete.
- Key results are reported against expectations.
- Reliability of performance information is supported.
- Use of performance information is demonstrated.<sup>11</sup>

The Auditor General used these criteria again in 2003 and 2005, noting that while the performance reports that were examined provided a good overview of organizational context and planned strategic outcomes, performance expectations were not always clear and concrete, and the information did not necessarily focus on program results. The Auditor General concluded that

our findings continue to leave us as concerned about the overall quality of reporting as we were in our previous audits and studies. Based on these findings, it is reasonable to suggest that, without greater effort by departments and scrutiny by parliamentary committees, any significant improvements in the quality of performance reporting may take decades rather than just a few years. In our view, this rate of improvement is not good enough for parliamentarians and Canadians to be able to hold departments and agencies to account for their performance.<sup>12</sup>

More recently, the Auditor General has focused on the results reported for specific programs. For example, in 2018, he found that Employment and Social Development Canada had not collected the data or defined the performance indicators needed to report on whether its programs were meeting their objective of increasing the number of Indigenous people who had sustainable and meaningful employment.<sup>13</sup>

## 6 CHALLENGES

Despite many years of efforts to improve reporting on results, federal organizations have achieved limited progress, as noted by auditors general.

Observers have identified systemic challenges that inhibit the effectiveness of reporting on results. These include the following:

- As reporting takes place in a political environment, governments have little incentive to invite criticism through balanced reporting.<sup>14</sup>



## DOES REPORTING ON RESULTS MAKE A DIFFERENCE?

- Some government programs, such as international diplomacy, do not lend themselves to results-based objectives, and in other cases, governments have multiple, conflicting objectives.<sup>15</sup>
- Some societal issues, such as crime rates, have multiple causes and numerous actors, making it difficult to demonstrate how government programs contribute to an outcome.<sup>16</sup>
- There may be long delays between government activities and the achievement of long-term objectives, which cannot be demonstrated in an annual report.<sup>17</sup>
- It can be time-consuming, expensive and difficult to collect and analyze the relevant data.<sup>18</sup>
- Organizations may prefer to be accountable for inputs and activities, as they can be controlled.<sup>19</sup>
- Organizations may adjust program delivery to perform well on the chosen performance indicators, rather than to achieve long-term objectives.<sup>20</sup>
- Performance information may not be taken into account in decision-making, including the allocation of resources, which limits its usefulness within government.<sup>21</sup>

A number of commentators have suggested ways in which organizations could overcome some of these challenges, such as

- adjusting performance measurement to suit the nature of the program, with an emphasis on public management and service delivery;<sup>22</sup>
- acknowledging limitations in the ability to attribute societal changes to a specific government program;<sup>23</sup> and
- telling a credible performance story by making a logical connection between activities, outputs, intermediate outcomes and long-term outcomes.<sup>24</sup>

Additionally, external review of results reports by parliamentarians and auditors could provide governments with incentives to improve their reporting.<sup>25</sup>

## 7 INTERNATIONAL PRACTICES

### 7.1 AUSTRALIA

The government of the Commonwealth of Australia's performance measurement and reporting requirements are outlined in the *Public Governance, Performance and Accountability Act 2013*,<sup>26</sup> the *Public Governance, Performance and Accountability Rule 2014*,<sup>27</sup> and in guidance from the Department of Finance.

At the beginning of each reporting cycle, government organizations are required to publish corporate plans that set strategies for achieving their purposes and measuring progress. At the end of the cycle, they prepare performance statements, included in their annual reports, that provide an assessment of the extent to which they achieved their purposes. In addition to using key performance indicators, entities may also use benchmarking, stakeholder surveys, peer review and comprehensive evaluations.

The Australian National Audit Office (ANAO) has committed to conducting annual audits of performance statements. In 2018, the ANAO found that the audited entities needed to improve their descriptions of intended impacts and the reliability and completeness of their performance criteria.<sup>28</sup>

## 7.2 UNITED STATES

The reporting framework for the United States is set out in the *Government Performance and Results Act of 1993*.<sup>29</sup> The Act requires government agencies to prepare five-year strategic plans, updated every three years, with measurable goals and performance targets. Organizations must submit annual performance reports to Congress with three-year comparative data for performance indicators.

This framework was updated by the *GPRM Modernization Act of 2010*,<sup>30</sup> which requires the Office of Management and Budget (OMB) to develop a government-wide performance plan with cross-agency priority goals and to make agency plans and reports available on a single website. It also requires the federal government, through the OMB, to set long-term priority goals, to be updated or revised at least every four years and to review performance on a quarterly basis. For their part, agencies are required to identify priority goals to the OMB every two years and to review their performance quarterly.

In 2017, the United States Government Accountability Office reported that the use of performance information in decision-making is limited and that the inventory of federal programs had not been updated since 2014.<sup>31</sup>

## 7.3 ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The Organisation for Economic Co-operation and Development (OECD) maintains a network of senior budget officials to assist member countries in designing and implementing performance- and results-based budgeting and management reforms.<sup>32</sup>

In a 2018 survey of member countries, the OECD found that the use of performance frameworks is increasing. Respondents said that the primary benefits of performance information are the transparency of program objectives and the quality and usefulness of that information, whereas the main challenges are coordination problems, a lack of accurate data and a lack of leadership.<sup>33</sup>

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