



Performance Measurement – Principles and Practices

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Outline

- ◆ Trends
- ◆ Experiences
- ◆ Lessons Learned



Managing Risk & Enhancing Value

Why implement performance measurement?

- ◆ To more effectively define and understand policy and program objectives
- ◆ To more effectively allocate resources
- ◆ To more effectively manage for results
- ◆ To meet new accountability expectations
 - Inextricably linked

Why new accountability expectations?

- ◆ To satisfy a knowledgeable and skeptical public
- ◆ To find out about results, as linked to public spending/activity
- ◆ To find out about the complete range of management responsibilities
 - Financial
 - Value-for-money
 - Delivery of results
- ◆ To secure the trust and confidence of the public



Why manage for results?

- ◆ **Respond to fiscal pressure**
- ◆ **Improve effectiveness/efficiency**
 - Do the right things
 - Do them in the right way
- ◆ **Meet new accountability expectations**
- ◆ **Improve public policy decision-making**

Where is it being implemented?

◆ Domestic trend

- BC
- AB
- ON
- Canada

◆ World-wide trend

- UK
- US
- Australia

What changes when you manage for results?

- ◆ Achieve clarity about objectives
- ◆ Establish a new management culture
- ◆ Focus on risk management
- ◆ Establish new/different control systems
- ◆ Measure performance (results)
- ◆ Results-based budgeting



What happens when managing for results is adopted?

- ◆ Renew focus on core services
- ◆ Achieves greater clarity about core objectives
- ◆ Identifies opportunities for alternative service delivery
- ◆ Enhances utilization of shared services
- ◆ Enhances budgetary and performance management
- ◆ Enhances public accountability



What happens when managing for results is adopted?

- ◆ Focus on deregulation
- ◆ Initiatives for “e-business”
- ◆ Responsive control systems
- ◆ Achieves effective performance measurement
- ◆ Initiates public policy debate

Working example: How were concepts introduced in BC?

◆ Budget Transparency and Accountability Act (BTAA)

- Manage for results
 - Set out goals
 - Report achievements
- Improve accountability
 - Service plan
 - Service plan report

◆ Application of BTAA

Working example: How were concepts introduced in BC?

◆ Reporting criteria/other guidance

- BC Performance Reporting Principles
 - 8 principles form basis of performance story
- Guidance
- Self-assessment guide

◆ Auditor General monitoring implementation

- Learning model used to date
- Assurance will be provided when appropriate

BC's Reporting Principles at a Glance

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

Source: Performance Reporting Principles for the British Columbia Public Sector, November 2003

The complete report can be accessed by going to [www.bcauditor.com/reports/reports by subject/performance reporting](http://www.bcauditor.com/reports/reports%20by%20subject/performance%20reporting)

Working example: What do BC Auditor General assessments show?

- ◆ All organizations applying
- ◆ Steady but measured progress
- ◆ Still needs improvement
- ◆ Some principles easier to meet than others
- ◆ Crown agencies ahead of ministries
- ◆ Not all organizations have adopted results-based management

Working example: What lessons have been learned?

- ◆ It is do-able
- ◆ It is worthwhile
- ◆ There is a strong link between results-based measurement and new accountability expectations
- ◆ It requires strong leadership
- ◆ It is an incremental and iterative process
- ◆ It is a learning experience - we can learn from own experiences and those of others

Performance Measurement: International Trends

- ◆ “The activity related to the measurement of inputs, outputs and outcomes.” (OECD)
 - Resources used by governments;
 - Goods/services provided to citizens, and;
 - Results delivered.
- ◆ **By focusing on the results achieved, as well as resources spent, governments can make better decisions with regard to new initiatives.**
- ◆ **Why measure performance?**
 - Enhanced accountability
 - Enhanced probity
 - Increased transparency
 - Better performance
- ◆ **Central element of a global trend toward modernizing government.**

United States

- ◆ **Internal control enhancements initiated in response to the Sarbanes-Oxley Act (2002)**
 - Document controls over financial reporting and legal compliance;
 - Establish and document a controls assessment process;
 - Direct statement regarding reporting effectiveness;
 - Permits OMB to require an audit;
 - Establishes a senior assessment team.
- ◆ **President's Management Agenda for efficiencies and cost saving through:**
 - Strategic personnel management,
 - Competitive sourcing,
 - Improved financial performance,
 - E-government and
 - Budget/performance integration.

United States Example: Program Assessment Rating Tool (PART)

Questionnaire used to assess programs, based on:

- Design and Purpose
- Strategic Planning
- Management Evaluation and Oversight
- Objective Program Results.

Returns a score from 0 to 100.

- Consistent questions allow for tracking progress and comparability.

OMB Program Assessment Rating Tool (PART)

Year of Questions: 2005
 Type of Program: **Direct Federal**
 Name of Program:
 Program ID:
 Agency:
 Bureau/Program Office:
 Year Completed: 2005

Is this Program a Reassessment? No

Section I: Program Purpose & Design (YES,NO)

| Question Number | Questions | Ans. | Explanation | Evidence/Data | Question Weighting | Score |
|------------------------|---|------|-------------|---------------|--------------------|--------------|
| 1.1 | Is the program purpose clear? | | | | 20.00% | |
| 1.2 | Does the program address a specific and existing problem, interest or need? | | | | 20.00% | |
| 1.3 | Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? | | | | 20.00% | |
| 1.4 | Is the program design free of major flaws that would limit the program's effectiveness or efficiency? | | | | 20.00% | |
| 1.5 | Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? | | | | 20.00% | |
| Section I Score | | | | | 100.00% | 0.00% |

Section II: Strategic Planning (YES,NO, NA)

| Question Number | Questions | Ans. | Explanation | Evidence/Data | Question Weighting | Score | |
|-----------------|---|------|-------------|---------------|--------------------|-------|--|
| 2.1 | Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? | | | | 12.50% | | |
| 2.2 | Does the program have ambitious targets and timeframes for its long-term measures? | | | | 12.50% | | |
| 2.3 | Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? | | | | 12.50% | | |
| 2.4 | Does the program have baselines and ambitious targets for its annual measures? | | | | 12.50% | | |
| NOTE | Enter long-term and annual performance measures and efficiency measures information in the "Measures" tab. | | | | | | |
| 2.5 | Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? | | | | 12.50% | | |

United Kingdom

- ◆ **New framework (1998) focuses on outcomes rather than resource inputs:**
 - Public Service Agreements: Each major department states its objectives and establishes targets for achieving its objectives
 - Service Delivery Agreements: lower level input targets and milestones underpin delivery of the PSA performance targets.
- ◆ **Comprehensive Performance Assessment: Inspection/classification of local governments with regard to service delivery – includes the possibility of intervention.**
- ◆ **Facilitation of improved performance measurement though enhanced role/qualification of central government.**

United Kingdom Example: Local Government CPA

Compare Performance by Authority - Results

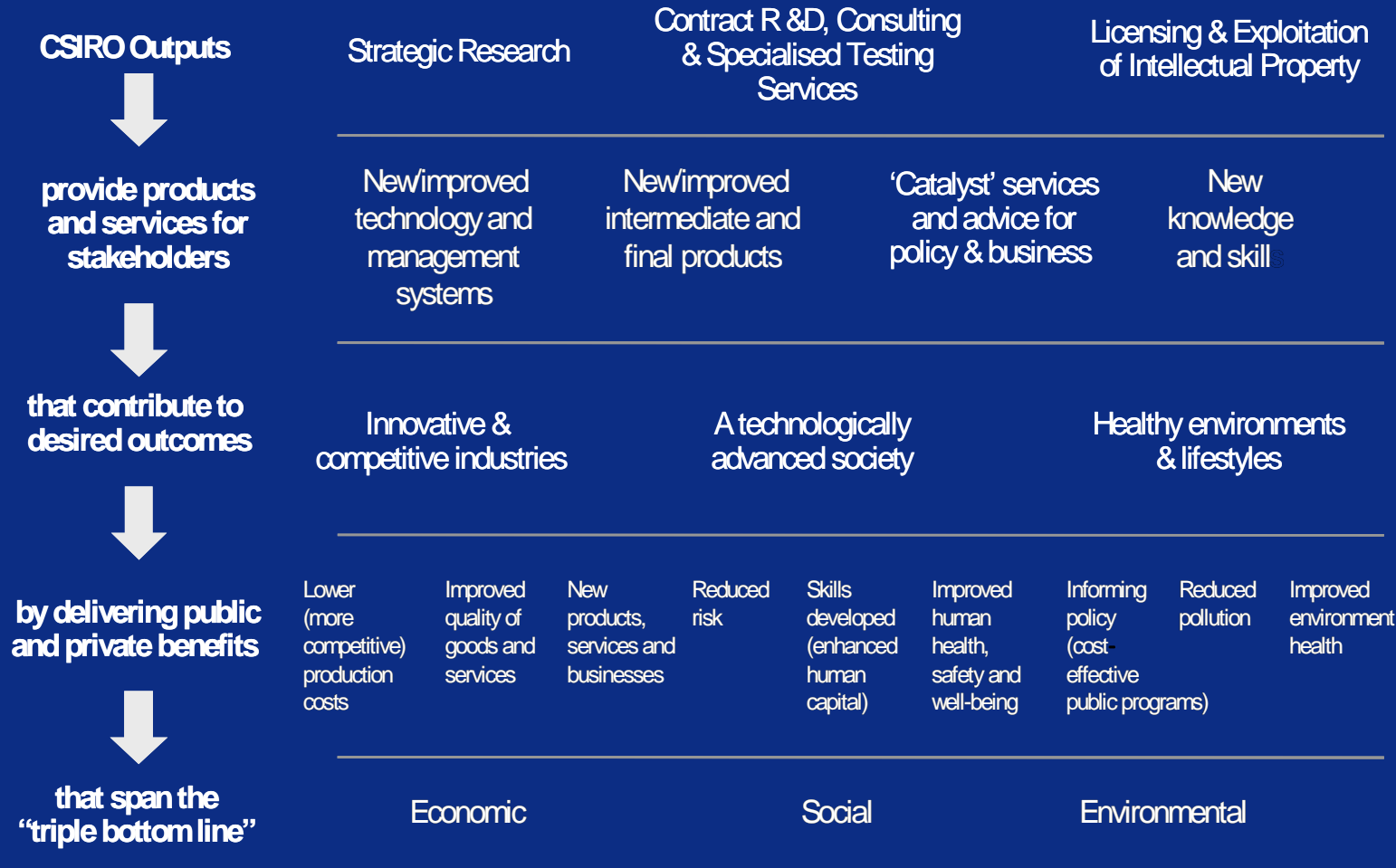
| | CPA Overall Performance (CPA 2003-2004): | CPA Housing (CPA 2003-2004): | CPA Council ability (CPA 2003-2004): | CPA Core service (CPA 2003-2004): | CPA Benefits (CPA 2003-2004): | CPA Education (CPA 2003-2004): | CPA Environment (CPA 2003-2004): | CPA Libraries and leisure (CPA 2003-2004): | CPA Social care adults (CPA 2003-2004): | CPA Social care children (CPA 2003-2004): | CPA Use of resources (CPA 2003-2004): |
|------------|--|------------------------------|--------------------------------------|-----------------------------------|-------------------------------|--------------------------------|----------------------------------|--|---|---|---------------------------------------|
| Birmingham | Weak | 1 | 2 | 3 | 4 | 4 | 3 | 3 | 2 | 1 | 4 |
| Liverpool | Good | 2 | 3 | 3 | 3 | 4 | 2 | 3 | 2 | 2 | 4 |

- ◆ **Local Government Comprehensive Performance Assessment (CPA) allows for tracking local government performance.**
 - Where applicable, can also compare targets, change over time, and more detailed indicators.
- ◆ **CPA process builds on previous 'best value' measurements to assess performance. It is currently being piloted among higher-responsibility local governments.**
 - Four categories: high performing, striving, coasting, and poor performing.

Australia

- ◆ **Performance management integrated with accountability and internal controls.**
- ◆ **Financial Management Compliance Framework.**
 - Department of Finance and Auditor General will have responsibilities for audits.
 - Required adherence to specific directions for financial governance, processes and reporting.
 - Regular internal and external reporting.
 - Link outputs to outcomes.

Australian Example: Commonwealth Scientific and Industrial Research Organization



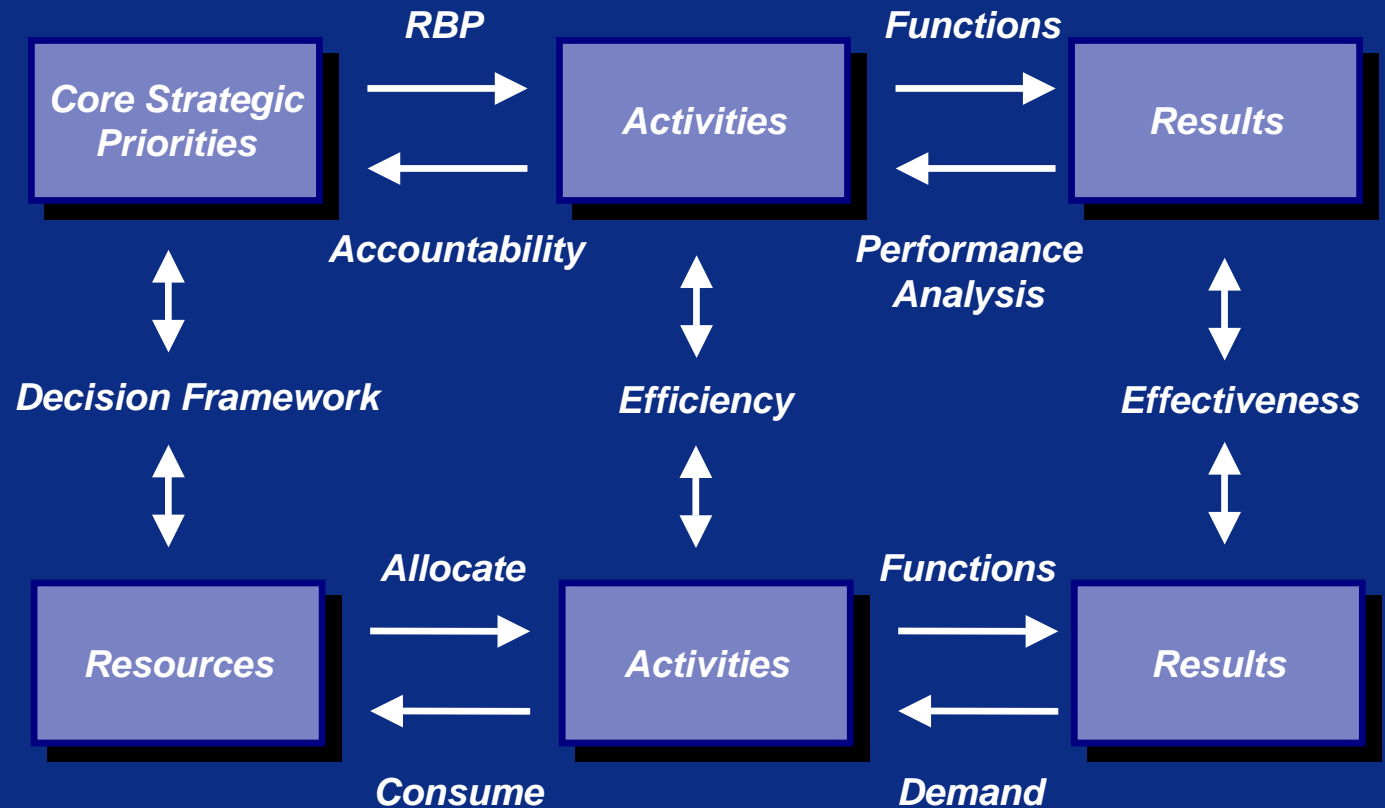
Impacts of Performance Measurement (OECD)

- ◆ After 20 years of reform, government is more present in OECD countries, but in a different way.
- ◆ Reform has brought benefits, but reality of reform has not always lived up to the rhetoric.
 - Reform is continuous, and must be considered on a whole of government basis to avoid unintended consequences.
- ◆ **Challenges for Performance Measurement:**
 - Ensure that information about results is used.
 - Achieve balance between flexibility and control.
 - Integrate performance budgeting and management into the traditional accountability system.
 - Ensure high quality data, and appropriateness in comparison.
 - Significant variation in initiatives across countries.
- ◆ **Governing is highly contextual – use of ‘Best Practices’ must be preceded by a thorough knowledge of national context.**

Common Themes for Enhancing Value

- ◆ Performance measurement is a large and growing component of government activity.
- ◆ Common themes for enhancing value include:
 - Establishing targets;
 - Investing in the data;
 - Designing frameworks and programs to achieve targets efficiently and effectively;
 - Enhancing transparency and accountability in government activities; and
 - Outcome measurement – demonstrating results.

Searching for the 'Holy Grail' – Results-Based Performance





Any questions?