

# Performance Reporting: Insights from International Practice



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## FOREWORD

On behalf of the IBM Center for The Business of Government, we are pleased to present this report, “Performance Reporting: Insights from International Practice” by Richard Boyle, Institute of Public Administration in Dublin, Ireland.

While there is much debate about the use and impact of performance reporting, Richard Boyle finds that there is surprisingly little information on the nature and quality of output and outcome indicators that are actually used and presented in performance reports. He further notes that there is an almost total lack of information on cross-national comparative practice.

With this in mind, Boyle sets out to provide empirical evidence of what is actually happening in output and outcome reporting by governments across the world. He examines four countries regarded as among those at the forefront of performance reporting: Australia, Canada, Ireland, and the United States. His report provides cross-national comparative data on good and bad practices in performance reporting, shares good practices across these countries, assesses the state of performance reporting, and provides directly relevant assistance to program managers in both central and line agencies.

Interestingly, Boyle finds that there is a clear distinction between performance reports in the United States and those in other countries he examined. On the whole, indicators contained in United States reports are more likely to report on outcomes, be quantitative in nature, meet data quality criteria, and have associated targets and multi-year baseline data.

Drawing on his qualitative analysis of indicators used in performance reports, Boyle identifies six key attributes for those involved in providing better output and outcome information and offers six corresponding recommendations for producing better performance reports.

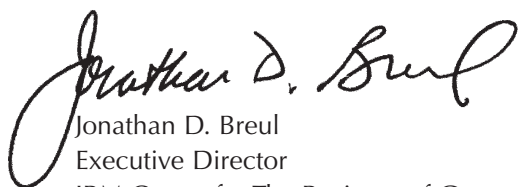


Jonathan D. Breul

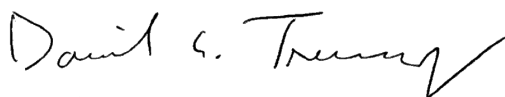


David Treworgy

In the United States, we hope that this particularly timely and informative report will be useful to the Obama Administration's Chief Performance Officer, departmental performance improvement officers and program managers, as well as the Congress. We also hope the report will be useful to other nations as they also move toward an increased focus on outcome reporting.



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## EXECUTIVE SUMMARY

Recent years have seen a growing emphasis on the reporting to politicians and citizens of the outputs and outcomes of government programs. Yet there is limited information on what outputs and outcomes are actually reported, in practice. The purpose of this report is to examine the reporting of outputs and outcomes in four countries. What types of indicators are actually being reported? Does the reality match the rhetoric?

### Marked Differences in Performance Reporting Practices

The research for this report focused on a content analysis of performance indicators in a sample of performance reports produced in four countries: Australia, Canada, Ireland, and the United States. Some key findings emerge from this analysis:

- There is a clear preponderance of output and outcome indicators as opposed to activity and input indicators, suggesting that the emphasis on outputs and outcomes in government programs is being reflected in practice. But the United States' experience is very different from those of the other countries examined. Eighty percent of indicators reported in the U.S. performance reports examined are outcome indicators. In the other countries examined, output indicators are predominant.
- Canadian and U.S. performance reports contain a majority of quantitative indicators. For Australia and Ireland, the majority of indicators are qualitative in nature.
- Three-quarters of the reported indicators surveyed in the U.S. performance reports are aspirational in nature and beyond the direct control of the agency. In Australia and Ireland, achievement of

around 80 percent of the indicators can be attributed to the agency. Canada sits in between.

- Virtually all of the reported indicators in the U.S. performance reports have targets associated with them. Overall, there is very little use made of targets in Australia, Canada, and Ireland. It is the norm in Australia, Canada, and Ireland to present data just for the year under scrutiny. In the United States, the norm is for multiyear trend data to be included, with between three and five years of data being commonplace.
- Nearly all of the indicators reported in the U.S. reports meet the SMART (specific, measurable, achievable, relevant, time-bound) quality criteria. Canada performs next best against the SMART criteria, with Australia and Ireland displaying some limitations. Fewer than three-quarters of the Australian and Irish indicators examined, for example, are classified as specific or measurable.

There is, therefore, a clear distinction between the U.S. performance reports and the others examined. On the whole, indicators contained in the U.S. reports are more likely to report on outcomes, be quantitative in nature, meet data quality criteria, and have associated targets and multiyear baseline data.

### The Key Attributes of Good Design

A qualitative analysis of the performance reports identifies six attributes of good performance reporting:

- **Key Attribute One:** Having a consistent, comparable, and structured approach to underpin the indicators reported.
- **Key Attribute Two:** Having a good performance story to accompany the indicators.

- **Key Attribute Three:** Having clearly specified outcome indicators and paying attention to detail.
- **Key Attribute Four:** Having information on both targets and baseline data combined to guide performance assessment over time.
- **Key Attribute Five:** Ensuring good presentation and effective use of technology.
- **Key Attribute Six:** Providing output and activity indicators as well as outcome indicators when discussing agency performance.

## Recommendations

On the basis of these attributes, six recommendations to guide those concerned with improving reporting on outputs and outcomes are put forward:

- **Recommendation One:** When developing performance measurement systems, use a consistent, comparable, and structured approach to performance information across all agencies and programs.
- **Recommendation Two:** Include a good performance story to accompany the indicators.
- **Recommendation Three:** Specify outcome indicators, and fully explain the results reported against each indicator.
- **Recommendation Four:** Provide both target and baseline data.
- **Recommendation Five:** Ensure effective use of technology in presenting the performance data collected.
- **Recommendation Six:** Present agency performance information which includes output and activity indicators in addition to outcome indicators.



# Introduction

Governments are under increasing pressure to publicly demonstrate the results achieved by expenditures on government-funded programs. At the same time, a shift from *ex ante* to *ex post* controls has resulted in a steady increase in the volume of performance information, with a focus on outputs and outcomes (OECD, 2005). Many countries have developed reporting frameworks for parliaments, giving increased emphasis to output and outcome reporting. A recent IBM Center report by Burt Perrin described the movement in governments across the world toward a greater focus on outcomes (Perrin). An excerpt from that report is presented in the Appendix.

Yet, despite this increase in activity, unease with what is actually being achieved is evident. Questions have been raised as to whether politicians actually find useful the output and outcome information reported to them (Pollitt, 2006). And the quality of the performance information provided has been questioned, sometimes as the result of national audit office scrutiny (Australian National Audit Office, 2007).

Much discussion and deliberation has gone into why output and outcome reporting may be having only limited impact. But little of this discussion is based on empirical information on the actual output and outcome information that is reported. There is surprisingly limited information on the nature and quality of the output and outcome indicators that are actually used and presented in performance reports for politicians. And there is an almost total lack of information on cross-national comparative practice with regard to output and outcome reporting. Much of the discussion is founded, instead, on the performance reporting frameworks produced by central agencies, which themselves often rely on hypothetical examples of output and outcome indicators to illustrate reporting requirements.

The aim of this report is to provide empirical evidence of what is actually happening in output and outcome reporting by government departments. Examples of reporting from four countries regarded as among those at the forefront in discussions on output and outcome reporting provide cross-national comparative data on good and poor practice and enhance the potential for lesson learning. The report aims to:

- Share good practice across countries
- Assess the state of performance reporting
- Be directly relevant and of assistance to program managers in both central and line agencies

## Methodology

The research focuses on a content analysis of performance indicators in performance reports produced in four countries.<sup>1</sup> The countries and reports to be reviewed are:

- Australia—departmental annual reports
- Canada—departmental performance reports
- Ireland—output statements
- United States—performance and accountability reports

These countries are all ones which have explicitly advanced an output and outcome reporting agenda for a number of years, as the box *Performance Reporting Requirements and Reports Examined, by Countries Studied* illustrates. A particular challenge is to find reports addressing a similar subject area, in order to enhance the comparison base. With this in mind, reports from the agriculture, health, and transportation sectors were reviewed.<sup>2</sup> These sectoral areas give a spread of activities and functions, encompassing both more executive-focused and more policy-focused work. As such, the reports

## Performance Reporting Requirements and Reports Examined—By Country

### Australia

The Australian government introduced an Outcomes and Outputs Framework as the basis for budgeting and reporting for public sector agencies in 1999–2000.

Among the main elements of the framework are:

- Specification of what the government is trying to achieve (outcomes);
- Specification of how actual deliverables will assist in achieving the outcomes (outputs); and
- Annual performance reporting of agencies' contribution to the achievement of outcomes and the delivery of outputs (Australian National Audit Office, 2007, p. 15). Annual reports to Parliament detail the degree to which plans for the coming budget year are realized and targeted performance is achieved.

The reports examined in this study are:

- Department of Agriculture, Fisheries and Forestry *Annual Report 2007–08*
- Department of Health and Ageing *Annual Report 2007–08*
- Department of Infrastructure, Transport, Regional Development and Local Government *Annual Report 2007–08*

### Canada

Canada has had an Improved Reporting to Parliament project running since the 1990s. Thirteen broad Government of Canada outcomes are specified, and agencies must develop clearly defined and measurable strategic outcomes that link in to these over-arching outcomes. Departmental performance reports are intended to provide a comprehensive but succinct picture of departmental performance, as it compares against the strategic outcomes, through the reporting of program activities linked to the strategic outcomes (Treasury Board of Canada, 2007). An effort is being made to refocus reporting away from governmental outputs to higher-level outcomes that show how agencies make a difference to citizens.

The reports examined in this study are:

- Agriculture and Agri-Food Canada *2007–08 Departmental Performance Report*
- Health Canada *2007–08 Departmental Performance Report*

- Transport Canada *2007-08 Departmental Performance Report*

### Ireland

In Budget 2006, the Minister for Finance indicated that the government had decided that, starting in 2007, individual departments would publish an annual statement on the outputs and objectives of their departments, and from 2008, the actual out-turns. These statements (named output statements) are presented to the relevant parliamentary committee along with the department's annual estimates. Guidance from the Department of Finance suggests that, with regard to reporting on performance, a small number of high-level goals per department—each with a macro level outcome indicator—should be complemented by a small number of more detailed output indicators which should, where possible, be quantitative in nature; otherwise, qualitative.

The reports examined in this study are:

- Department of Agriculture, Fisheries and Food *Annual Output Statement 2008*
- Department of Health and Children *Annual Output Statement 2008*
- Department of Transport *Output Statement 2008*

### United States

The Government Performance and Results Act of 1993 requires federal agencies to produce strategic plans, annual performance plans, and annual performance and accountability reports (PARs). These are aimed at establishing a system of accountability whereby agencies articulate what they are trying to achieve, how they will accomplish it, and how Congress and the public will know if they are succeeding (Breul, 2007, p. 313). Goals and objectives need to be stated as outcomes, and performance indicators must be valid indicators of the impact on outcome goals (Department of Energy, 2006).<sup>3</sup>

The reports examined in this study are:

- Department of Agriculture *2008 Performance and Accountability Report*
- Department of Health and Human Services *FY 2008 Citizens Report*
- Department of Transportation *FY 2008 Performance and Accountability Report*

inform judgments as to the extent to which output and outcome reporting is advancing in different spheres of activity and policy domains. The most recently available reports at the time (covering 2007–08, in each case) form the basis for the analysis.

For the sake of convenience, in the remainder of this report, instead of being given their full titles, the reports are referred to as the agriculture, health, and transportation reports of the four countries examined.

The performance indicators in the reports were analyzed against a number of criteria. In particular:

- Whether the indicator focuses on outcome, output, activity, or input
- Whether the indicator is quantitative, qualitative, or measures a discrete event

- Whether changes in the indicator are attributable to the agency/program, or if the indicator is aspirational in nature
- Whether a target is associated with the indicator
- Whether baseline data giving the previous year's(s') performance is associated with the indicator
- Whether the indicator meets SMART (specific, measurable, achievable, relevant, time-bound) quality criteria

The definitions used for this analysis (output, outcome, attributable, aspirational, etc.) are presented in the box below.<sup>4</sup> In addition to this analysis, a more qualitative analysis of the content of performance reports was undertaken to identify good and bad practice and to facilitate the drawing of lessons from practice, to date.

### Criteria Definitions

**Activity** reflects the things done by people in the course of delivering services or programs. For example consultation meetings held, visits to sites.

**Achievable** means that the required performance associated with the indicator can be accomplished. It is possible, and it is not too far in the future. Achievable means that it is appropriately limited in scope.

**Aspirational** means that achievement is out of the direct control of the agency/program.

**Attributable** means the organization/program itself is capable of bringing about a change in the indicator value.

**Baseline** refers to whether or not a baseline level of performance for previous year(s) is specified against which change can be assessed.

**Discrete** event refers to a once-off event: an example would be “produce a policy paper by dd/mm/yyyy.”

**Input** covers the resources consumed for a particular activity, such as budget absorption, over/under spending, and the number of people working on a program.

**Measurable** means that the required performance can be measured, that the source of the data is identified and accessible, and that the performance indicator is valid and meaningfully reflects the desired performance, condition or state. Measurable means that it is numeric or descriptive of outcomes, quantity, quality, time-performance, or cost.

**Outcome** focuses on what happens as a result of the delivery of the output; the events or changes in conditions/behavior/attitudes that arise.

**Output** refers to the products or services directly produced by an agency/program.

**Qualitative** means that the indicator is descriptive based on some quality rather than quantity.

**Quantitative** means the indicator is subject to numerical measurement.

**Relevant** means that the required performance will materially contribute to achieving the organization's objectives and goals.

**Specific** means that the indicator, associated description, or associated objective/goal is concrete, detailed, focused, and well defined. The nature and the required level of performance can be clearly identified.

**Target** assesses if there is an associated reference point against which indicator performance can be judged.

**Time-bound** means that there is a deadline or specified time-frame, that the deadline or time-frame is reasonable, and that the time-frame is relevant, i.e., the deadline is not beyond the point at which achieving the goal loses its value.

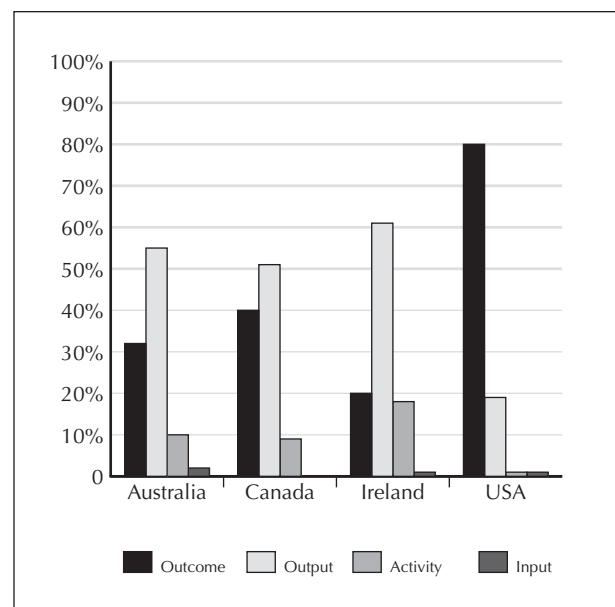
# Analysis of Reported Performance Indicators

## Understanding the Breadth of the Data

As a relatively crude starting point, it is interesting to look at the number of indicators reported, as shown in Table 1. There are clear differences across the countries, with the U.S. performance reports focusing on a relatively small number of indicators, i.e., roughly 30-40 per report. By way of contrast, the Australian performance reports each have over 100 indicators. Canada and Ireland fall in between. There are no clearly discernable sectoral differences.

In moving on to consider the focus of reported performance indicators—to what extent they focus on outputs and outcomes—some interesting variations occur, as Figure 1 illustrates. Overall, there is a clear preponderance of output and outcome indicators as opposed to activity and input indicators, suggesting that the emphasis on outputs and outcomes is being reflected in practice. But the U.S. experience is clearly different from the other countries examined. The vast majority of indicators reported in performance reports in the United States (80 percent) are outcome indicators. In the other countries examined, output indicators are predominant, accounting for over 50 percent of reported indicators in each case. Ireland has a particularly high proportion (18 percent) of activity indicators. There are also some

Figure 1: Focus of Performance Indicators



sectoral differences. Outcome indicators are more commonly reported for agriculture: only Canada had a majority of output indicators for agriculture.

The main reason for this difference in practice appears to be a difference in focus on whose performance is reported in the section of the report that deals with program performance. For the U.S. reports, the clear focus is on reporting on the outcomes of

Table 1: Number of Performance Indicators in Performance Reports

	Agriculture	Health	Transportation
Australia	142	103	128
Canada	88	87	8 <sup>5</sup>
Ireland	41	98	77
United States	32	40	36

program performance only. For the other countries examined, a mix of program and agency performance is reported. In other words, reporting on how well the agency is performing in delivering on the outcomes is combined with a focus on program outcomes in the performance reports of Australia, Canada, and Ireland in this section of the report.

Figure 2 shows the type of performance indicator reported. The clear preference in the guidance for performance reports is that indicators should be quantitative in nature. In practice, the United States achieves this objective, with almost all of the reported indicators being quantitative in nature. The picture varies for the other countries examined, however. Canada also has a majority of quantitative indicators, with two-thirds of its indicators being quantitative in nature. But, for both Australia and Ireland, the majority of indicators are qualitative. Ireland also has a relatively large proportion (21 percent) of indicators that measure discrete events, such as the production of a report by a certain deadline, the review of a project, or participation in international meetings. The health sector seems to lend itself more to the use of quantitative indicators, with the majority of the reported health indicators being quantitative in all countries except Ireland.

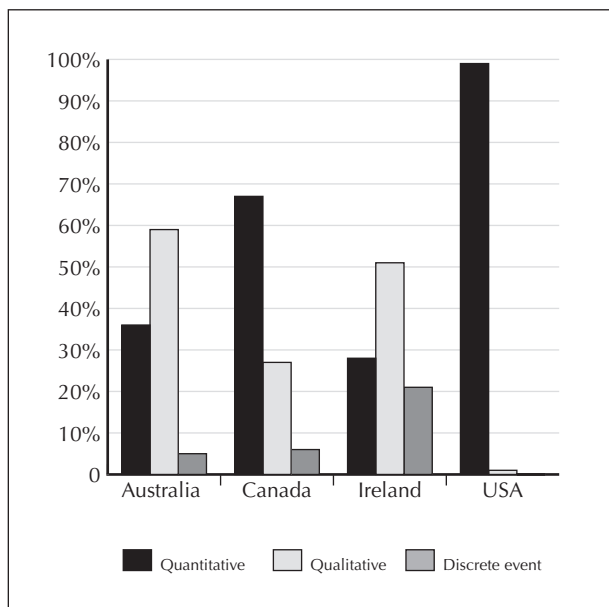
An interesting issue is the extent to which changes in the reported indicators can be directly attributed to the agency/program. If the change cannot be

attributed to the agency/program, it is described here as aspirational in nature: i.e., achievement is outside the direct control of the agency/program. A clear difference emerges between the United States and the other countries on this criterion, as Figure 3 illustrates. Three-quarters of the reported indicators surveyed in the U.S. reports are aspirational in nature. In Australia and Ireland, around 80 percent of the indicators are attributable in nature. Canada sits in between.

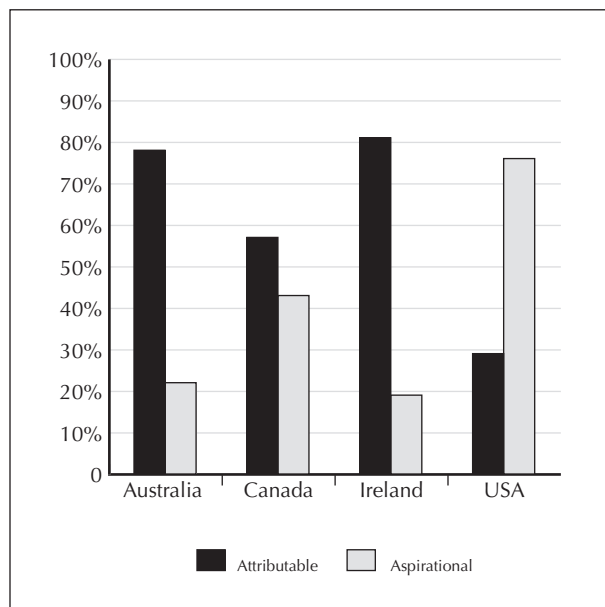
The reason for these differences is linked to the extent to which outcome indicators are reported. Outcomes tend to be amenable to influence outside of the agency/program, and the vast majority of reported outcome indicators are aspirational in nature. The fact that the United States has a preponderance of outcome indicators, whereas Australia and Ireland have a lower proportion of outcome indicators, helps to explain the variation.

Another significant issue is whether the reported indicators have targets and baseline data associated with them, as illustrated in Figures 4 and 5. Guidance on performance reporting commonly suggests that good practice would include the use of targets and baseline data to enable judgments to be made about performance, both in absolute terms and over time. Practice, however, varies considerably on these fronts. Again, the United States is an outlier when compared to the other countries surveyed, in

**Figure 2: Type of Performance Indicator**



**Figure 3: Attributable or Aspirational Indicators**



that virtually all of the reported indicators have targets and baseline data associated with them. Overall, there is very little use made of targets in Australia, Canada, and Ireland. The health sector is somewhat of an exception, with three-quarters of the health indicators in Australia and almost half of the health indicators in Ireland having targets associated with them.

There is even less frequent presentation of baseline data in performance reports that can enable changes in performance indicators to be assessed over time. It is the norm in Australia, Canada and Ireland to present data just for the year under scrutiny (though around a third of the Australia health indicators and all eight of the Canada transportation indicators do have some baseline data from previous years associated with them). In the United States, the norm is for multiyear trend data to be included, with between three and five years of data being commonplace.

### Ensuring the Quality of Reported Indicators

Apart from the number of indicators in different categories—such as output/outcome, quantitative/qualitative—it is important to assess the quality of the indicators used. It is of little use, for example, having a lot of outcome indicators if they are of poor quality and consequently of little use. One means of assessing quality is to rate the indicators against the

commonly used SMART (specific, measurable, achievable, relevant, time-bound) criteria.

The results of this exercise are shown in Figure 6. Again, this figure shows the United States as differing from the other countries, in that nearly all of the indicators reported meet the SMART criteria. Canada performs next best against the SMART criteria, with Australia and Ireland displaying some limitations. Fewer than three-quarters of the Australian and Irish indicators examined, for example, are classified as specific or measurable. We found no examples of irrelevant indicators.

The SMART criteria are a commonly used set of criteria for judging the quality of performance indicators:

- **Specific**—The indicator, associated description, or associated objective/goal is concrete, detailed, focused, and well defined. The nature and the required level of performance can be clearly identified.
- **Measurable**—The required performance can be measured, the source of the data is identified and accessible, and the performance indicator is valid and meaningfully reflects the desired performance, condition, or state. Measurable means that it is numeric or descriptive of outcomes, quantity, quality, time-performance, or cost.
- **Achievable**—The required performance associated with the indicator can be accomplished. It

Figure 4: Target Associated with Indicator

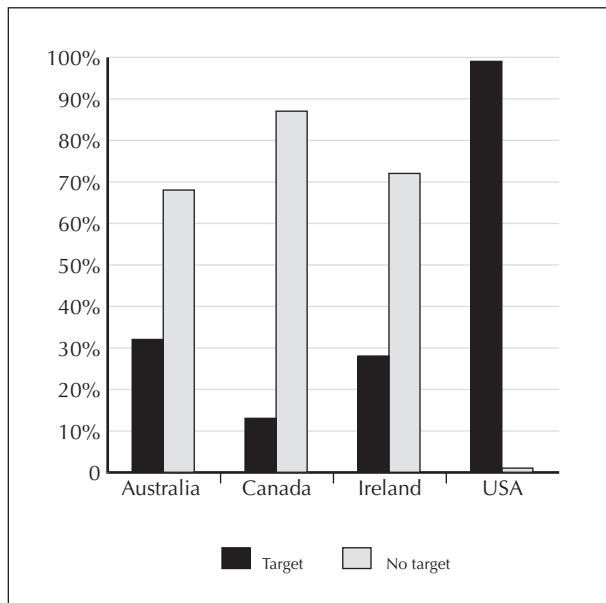
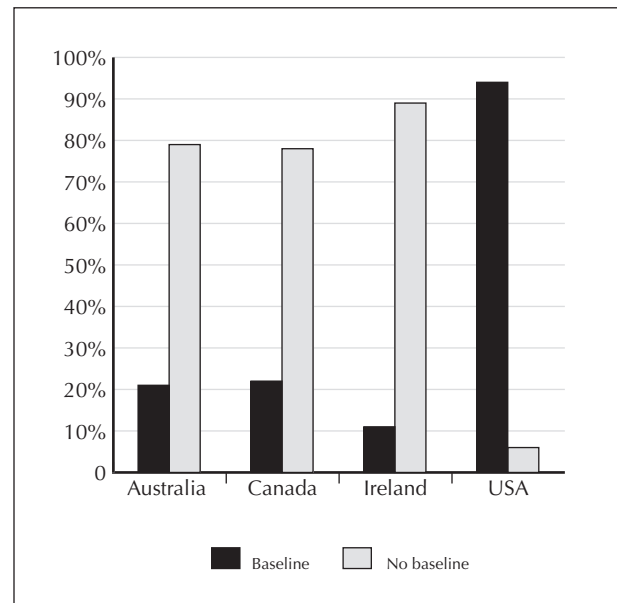
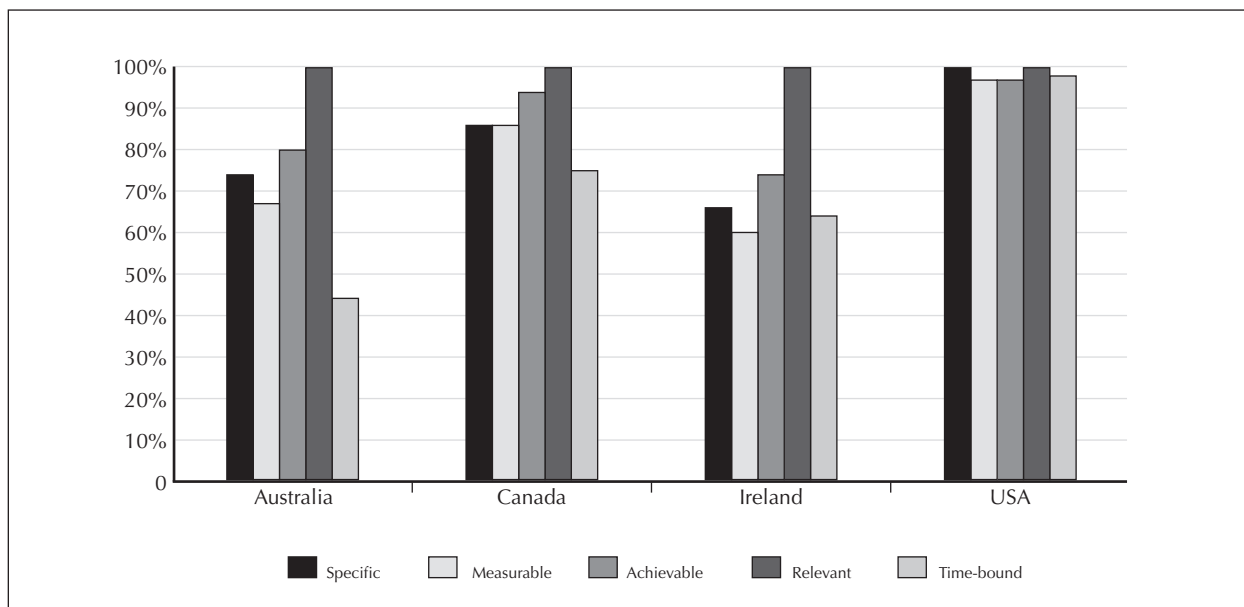


Figure 5: Baseline Data Associated with Indicator



**Figure 6: The Extent of SMART Indicators**

is possible, and it is not too far in the future. Achievable means that it is appropriately limited in scope.

- **Relevant**—The required performance will materially contribute to achieving the organization’s objectives and goals.
- **Time-bound**—There is a deadline or specified time frame, the deadline or time frame is reasonable, and the time frame is relevant, i.e., the deadline is not beyond the point at which achieving the goal loses its value.

In terms of the challenges associated with setting good quality performance indicators, many indicators were set out as broad objectives, which are in practice unspecific in nature and incapable of being measured or monitored in any meaningful sense. Despite the guidance on the need for specificity and clarity, it is not that uncommon still to see indicators along the lines of “make progress on ...,” “improve the efficient administration of ...,” and so on. Another problem that occurs is the mixing together of several objectives into one indicator, making reporting in any clear manner on the indicator impossible in practice. Good quality indicators facilitated judgment on performance in an accessible manner, whether the focus was on outputs or on outcomes.

## Varying Practices

Overall, a focus on output and outcome indicators being used in performance reports to politicians is discernible. Also particularly noteworthy are the variations in practice between the countries examined:

- The United States stands out, focusing strongly on outcomes, using quantified and good quality indicators, by and large. Reporting against targets and baseline data covering previous years are the norm.
- Australia and Ireland focus more on reporting against output and activity indicators. There are significant variations in the quality of indicators used, and limited use is made of targets and baseline data.
- Canada falls somewhat in between. There is a greater focus on outcome and quantitative indicators than in Australia and Ireland, and a higher quality of indicator measured against SMART criteria. But little use is made of targets and baseline data.
- There are also some sectoral variations, notably the greater use of outcome indicators in agriculture and of quantitative indicators in the health sector.

# Developing a Good System for Reporting on Outputs and Outcomes

Drawing on the qualitative analysis of indicators used in performance reports, it is possible to identify a number of key desirable attributes for those involved in getting better output and outcome information into performance reports for politicians.

## Key Attributes of Preparation

**Key Attribute One: Having a consistent, comparable, and structured approach to underpin the indicators reported.**

While practice has been found to vary somewhat from the central advice and guidance issued on producing performance information, there is no doubting the benefits of a cohesive and comprehensive approach underpinning the development of output and outcome indicators in performance reports for politicians.

Both Canada and the United States have strong performance management frameworks that encourage a standardized approach to the presentation of performance information. Canada's approach is based on the Management Resources and Results Structure (MRRS). The U.S. approach is underpinned by the Government Performance and Results Act and subsequent managerial and financial reform efforts.

Australia also has an underpinning Outcomes and Output Framework. While this has been successful in encouraging a focus on performance management (Bouckaert and Halligan, 2008), it appears to have been less successful than the Canadian and U.S. frameworks in securing consistency in the development of output and outcome indicators. Ireland has issued central guidance on indicators and reporting requirements, but has a less cohesive

central approach for performance reporting than those of the other countries.

### *Data quality*

A vital part of the consistent approach underpinning good output and outcome indicators is having processes in place to address data quality issues. Two particular aspects of data quality are notable regarding the U.S. performance reports, and perhaps help to explain why their indicators are of higher quality overall. One is the explicit attention given in the reports to data completeness and quality issues. The transportation report has a section on performance data completeness and reliability, and a link is provided to an assessment of the completeness and reliability of performance data and detailed information on the source, scope, and limitations for the performance: [http://www.bts.gov/programs/statistical\\_policy\\_and\\_research/source\\_and\\_accuracy\\_compendium/index.html](http://www.bts.gov/programs/statistical_policy_and_research/source_and_accuracy_compendium/index.html).

In the website cited above, the United States also provides information as to how it aims to resolve inadequacies that exist in the performance data. In the agriculture report, each indicator in the report is accompanied by an assessment of the completeness, reliability, and quality of data used in the indicator. The health report is less transparent with regard to data quality, but there is a focus overall on assuring the reader that the indicators are based on sound, quality data and providing the source of that data. Where there are data limitations, these are often explicitly stated. In the performance reports examined for Australia, Canada, and Ireland, such explicit attention to data quality is not present. It may occur in individual cases, but it is not normal practice in the reports.



### Excerpt from Canadian Management Resources and Results Structure (MRRS) Policy

The MRRS policy underpins the development of a common, government-wide approach to planning and managing the relationship between resource expenditures and results, providing a foundation for collecting, managing and reporting financial and non-financial information to Parliament.

At the apex of the policy are 13 broad Government of Canada Outcomes setting out a whole-of-government framework. These broad government outcomes are elaborated at departmental level reporting by Strategic Outcomes and their corresponding Program Activities:

- Strategic Outcomes define long-term and enduring benefits to Canadians that are linked to the department's mandate, vision, and core functions. These outcomes must be clearly defined and measurable, and must provide the basis for establishing horizontal linkages among departments.
- Program Activity Architecture (PAA) is an architecture consisting of a structured inventory of all programs being delivered by a department. The programs of the PAA are depicted according to their logical relationships to each other and the Strategic Outcome to which they contribute. This architecture must be developed at a sufficient level of materiality to reflect how a department allocates and manages the resources under its control to achieve intended results. The PAA must also be supported by a performance measurement framework (PMF) that enables a department to collect data and to make decisions on program design, management, allocations and strategies to better achieve expected results. Each program of the PAA, at each level, must have planned and actual information on resources and results.

Reports have a consistent format with common electronic templates, which are aimed at making them easier to produce, easier to compare, and easier for electronic navigation.

**Source:** [http://www.tbs-sct.gc.ca/rma/mrrs-sgrr\\_e.asp](http://www.tbs-sct.gc.ca/rma/mrrs-sgrr_e.asp)

The second notable way in which data quality was explicitly addressed in the United States until 2009 is the role played by an influential external independent scrutinizer, the Mercatus Center, based at George Mason University. From fiscal year 1999 to 2009, the Mercatus Center assessed all federal agency performance reports to see how well they were informing Congress and the public. These assessments go well beyond the quality of indicators, looking at how the reports reflect wider issues of transparency, public benefits, and leadership. But data quality is among the issues assessed, examining if the performance data used are valid, verifiable, and timely (McTigue, Wray and Ellig, 2009, p. 5). This public, independent reporting and ranking of performance reports acted as a further incentive to enhance data quality.

In all of the countries examined, the national audit institution has a role in the oversight of data quality. But this oversight role tends to be limited to periodic reviews of performance reports rather than a detailed annual assessment and verification of data quality.

#### **Key Attribute Two: Having a good performance story to accompany the indicators.**

The majority of the performance reports examined contain narrative sections that spell out in more detail information on performance. These performance stories serve an important role in giving the reader a fuller picture of the implications of the outputs and outcomes reported.

Good stories can be a means of including information that is important and useful to readers, but can be done in a way so as to not lose the focus on the main outcomes reported. For example, one of the main performance indicators for the U.S. transportation report is "passenger vehicle occupant highway fatality rate per 100 million passenger vehicle miles traveled." The accompanying narrative gives information on initiatives that are contributing to this overall outcome. In discussing electronic stability control (ESC) systems in passenger vehicles, the report states:

"ESC has the potential to save many lives by assisting the driver in maintaining control in critical driving situations. For vehicles equipped with the technology, we estimate that these systems have reduced fatal single

## Good Practice in Preparation: Data Quality Assessment

*An Example from the U.S. Department of  
Agriculture (USDA) 2008 Performance  
Accountability Report*

### Data assessment of performance measure

#### 5.1.1—Participation levels for the major Federal nutrition assistance programs (mil- lions per month)

Participation data are drawn from USDA administrative records. State agency reports are certified accurate and submitted to regional offices. There, they are reviewed for completeness and consistency. If the data are acceptable, the regional analyst posts them to the National Data Bank (NDB) Preload System. NDB is a holding area for data review prior to release. Otherwise, regional-office personnel reject the report and the State agency is contacted. Data posted by regional personnel into NDB are reviewed at USDA. If data are reasonable and consistent with previous reports, they will be downloaded to NDB for public release. If not, USDA works with regional offices and States to resolve problems and inconsistencies. This process of review and revision ensures that the data are as accurate and reliable as possible.

**Completeness of Data**—Figures for Food Stamp Program and WIC participation represent 12-month fiscal year averages. Figures for National School Lunch Program and School Breakfast Program are based on nine-month (school year) averages. Participation data are collected and validated monthly before being declared annual data. Reported estimates are based on data through April 2008, as available July 25, 2008.

**Reliability of Data**—The data are highly reliable. Participation-data reporting is used to support program financial operations. All of the data are used in published analyses, studies and reports. They also are used to support dialogue with and information requests from the Government Accountability Office (GAO), the Office of Inspector General (OIG) and the Office of Management and Budget.

**Quality of Data** - As described above, the data used to develop this measure are used widely for multiple purposes, both within and outside USDA. The measure itself is reported in stand-alone publications as an important, high-quality indicator of program performance.

**Source:** <http://www.ocfo.usda.gov/usdarpt/pdf/par2008.pdf>, pp. 90-91

vehicle crashes by 63 percent for light trucks and vans (LTVs) and 36 percent for passenger cars. Rollover involvements in fatal crashes were decreased by 70 percent in passenger cars and 88 percent in LTVs.”

Reporting on outcomes achieved by a particular initiative or initiatives can help explain what elements are contributing to the headline outcome indicator results.

### ***Dealing with attribution and other external factors affecting outcomes in performance stories***

Performance stories serve a particularly useful purpose in addressing an issue often associated with outcome reporting: the extent to which the reported outcome results can be attributed to the program or agency being reported. As noted in the previous section, many indicators in performance reports are concerned with results that cannot be attributed directly to the program or agency. Accompanying performance stories can help shed light on the extent to which the agency is influencing these outcomes. As such, they are an important component of what Mayne (1999) refers to as “contribution analysis”: “What is needed for both understanding and reporting is a specific analysis undertaken to provide information on the contribution of a program to the outcomes it is trying to influence ... the task at hand might be best described as, for reporting, trying to paint a credible picture about the attribution of a program.”

Again the U.S. transportation report provides useful examples in this context. One performance indicator is the “percent of total annual urban-area travel occurring in congested conditions.” In the accompanying text, it is stated that, “although increased adoption of strategies related to traffic incident management and work zone management may have helped to slow the growth of congestion it is difficult to know to what extent external factors including the price of fuel have significantly influenced travel patterns and reduced vehicle miles traveled sharply.” Similarly, the narrative makes clear in another case that a growth in transit ridership over four years cannot be simply attributed to service improvements and fare subsidy programs: “The substantial correlation with the increase in gasoline prices suggests a causal relationship.” Thus the performance story can be used to highlight external

## **Good Practice in Preparation: A Good Performance Story Providing Contextual Information**

### **Agriculture Advancing Australia—Farm Help 2007–08: \$2.79 million**

#### **Performance measures**

Short-term financial assistance and training provided to farmers experiencing financial difficulty.

The extent that farm families examine their options for the future and take action to improve their future financial prospects, either on or off the farm.

#### **Performance**

During 2007–08, 25 applicants were granted Farm Help Income Support, 568 advice and training sessions were attended, and 15 customers chose to take a re-establishment grant and leave farming. Training sessions have increased since 2006–07 (when 437 sessions took place) and the number of customers, including the number of re-establishment grants, has decreased (2006–07: 53 grants).

Monthly management information reports from Centrelink indicate program uptake and trends, and exit surveys provide feedback on program effectiveness. A mid-term review of the program and a five-year longitudinal study of exiting participants contributed to changes in the program. The fourth wave of the longitudinal study, completed in October 2007, compares Farm Help to Exceptional Circumstances (EC) Relief Payments and EC Income Support and also examines the effectiveness of Farm Help in assisting farmers to improve their financial outlook.

Results from the fourth wave of the longitudinal study were consistent with the results of previous years, and also emphasized the value of Pathways Planning. The program's 'pathways planning' approach effectively encourages farmers to think about future options and actions needed to improve their financial viability. Farmers who continue with a planning approach after exiting the program are likely to experience better financial outcomes over the medium to longer term than farmers who do not. The fourth wave of the longitudinal study found that one-third of respondents who had prepared a pathways plan were in a better financial position than the year before.

The Farm Help experience led many farmers (up to 61%) to obtain further professional advice at their own expense to better secure their financial and farming futures. Up to a third undertook further study or training after exiting the program—a much higher proportion than among the general adult population.

Of those who took re-establishment grants, 88% agreed that the grant had helped them to adjust to life off the farm, and 85% said that leaving their farm had been a positive change in their life.

*Source: Department of Agriculture, Fisheries and Forestry Annual Report 2007-08, <http://www.daff.gov.au/about/annualreport/2007-2008>*

factors that may be impacting positively or negatively on outcome achievement.

#### **Key Attribute Three: Having clearly specified outcome indicators and paying attention to detail.**

Despite the challenges in identifying and specifying outcomes for public programs, all of the reports in the countries examined contained at least some examples of good outcome indicators. A focus on outcomes is possible in many areas of work.

However, an issue emerging from the analysis is that, where outcome indicators are specified, the reported

results do not always actually tell anything about performance against the indicator. For example, the U.S. agriculture report has an indicator concerning "application and usage level of nutrition guidance tools," but reporting on this indicator focuses on the number of pieces of nutrition guidance distributed, which tells nothing about their application or use. Similarly, the U.S. health report contains an indicator to "reduce the disparity between African-American and White infants in back sleeping by 50% to reduce the risk of Sudden Infant Death Syndrome," but the actual performance reported is the number of campaign materials distributed.

## Good Practice in Preparation: The Challenge of Specifying Indicators

### Examples of poorly specified indicators

- “Consultation with stakeholders on regulatory change in relation to therapeutic products, genetically modified organisms, industrial chemicals, pesticides, and veterinary medicines as measured by timeliness and thoroughness of consultation” (Australian health report)
- “Hospital networks that provide quality care as close as possible to where people live” (Irish health report)
- “Creation of research and evidence-based knowledge regarding rural Canada, community capacity building, and rural development” (Canadian agriculture report).
- “Ongoing promotion of safety education program targeted at schoolchildren” (Irish transportation report).
- “Completion of agreed activities to enhance Australia’s animal and plant health infrastructure and capacity to respond to emergencies including: through critical infrastructure protection activities; improved biosecurity awareness; improved national preparedness for emergency pest and diseases; implementation of obligations under the international convention for chemicals; enhancement of the national capacity to respond to emergency animal disease; enhanced emergency pest response capacity and ability to define plant health status; enhancement of diagnostic capacity and national plant health surveillance capacity; mitigation of the impact of invasive species through improved early detection and rapid response to plant health invasive species” (Australian agriculture report).

### Examples of well-specified indicators

#### *Good output indicators*

- “Increases percentage of general practice patient care provided by practices participating in the Practice Incentives Program as measured by the percentage of general practice patient care covered by practices participating in the Practice Incentives Program” (Australian health report)
- “Over 90,000 women screened nationally by the BreastCheck program in 2008” (Irish health report)

#### *Clear outcome-focused indicators*

- “Passenger vehicle occupant highway fatality rate per 100 million passenger vehicle-miles traveled” (U.S. transportation report)
- “Reduce prevalence of Canadians exposed to secondhand smoke from 28% to 20% by 2011” (Canadian health report)
- “Reduce complications of diabetes by increasing the proportion of American Indian/Alaska Native patients with diagnosed diabetes that have achieved blood pressure control (<130/80)” (U.S. health report)
- “Maintenance or increase in the proportion of fitted Hearing Service Program clients who use their device/s for 5 or more hours per day” (Australian health report)

Another example of an outcome indicator which actually reports on output indicators comes from Canada. An indicator in the Canadian health report is “decrease in health-related, at risk behaviors associated with substance use within the general population, and specifically, youth and Aboriginal persons.” But the results reported are the amount of money provided for community-based initiatives to prevent and/or diminish substance use/abuse; the number of clandestine laboratories investigated and dismantled; and the level of disrupted production of doses of meth/ecstasy/GHB. All important outputs, but they are not reporting on the outcomes the indicator identifies.

An indicator for food innovation grants (FIG) in Australia sets out to measure “the percentage of FIG grants that result in new or improved food products and packaging, processing, storage and distribution technologies.” But the results reported set out the number of grant payments made, the number of food manufacturers who obtain grants, and total investment in research and development as a result of the program.

Conversely, we came across examples in which indicators were poorly specified, or specified in output terms, but in which the associated results reporting contained useful information on outcomes. In

these cases, information exists to present useful outcome indicators in the reports, but this information is not being effectively used and readers have to go into the details of the report to find out that outcomes are in fact being reported.

There are also examples of output indicators which actually report on outcomes. An indicator in the agriculture report for Canada linked to environmental sustainability is “environmental components included in implementation agreements signed with all provinces and territories.” But, in the detailed reporting on performance, as well as the number of agreements signed, the report gives information on the results achieved from environmental farm plans: that those with a plan are twice as likely (61 percent compared to 32 percent) to use soil testing to determine proper fertilizer application rates to meet crop needs and to reduce nutrient runoff; twice as likely to use soil testing and nutrient content of manure to determine manure application rates reducing the risk of surface and groundwater contamination; and more likely to protect and maintain riparian areas.

An output indicator used in the Irish Transportation report is “implementation of road safety strategy 2007–2012 measures by target date.” In addition to reporting on the number of actions completed and outstanding, the report gives information on the numbers of those killed on Irish roads.

The key point here is that reporting on outcomes needs to be followed through logically at all stages of reporting. Outcome indicators need to be specified as indicators, and then the results reported against the indicator need to reflect the content of the indicator.

### Key Attributes of Presentation

**Key Attribute Four: Having information on both targets and baseline data combined to guide performance assessment over time.**

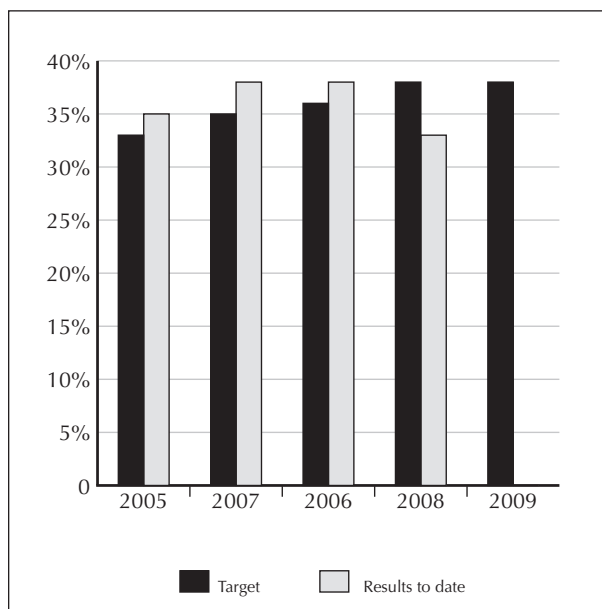
The U.S. performance reports are ahead of the other reports when it comes to presenting established targets and baseline data in the reports. Target levels of performance for the year under scrutiny are clearly established for nearly all indicators. And baseline data for previous years’ performance (up to five years being the norm), are presented alongside the indicator. In the performance reports of Australia,

Canada, and Ireland, the use of targets and baseline data is much less frequent. Where baseline data are present, the norm is for only the previous year’s performance to be presented.

The benefits of consistent use of targets and multi-year baseline data when it comes to facilitating judgment about performance are clear. Where they are absent, it is impossible to know if the level of performance reported against is acceptable or otherwise. For example, “over 900 inspections conducted” (relating to safe and effective health products, Canada) and “in 2007–08 two grant payments were made to the horticulture industry” (Australia) are examples of indicators of outputs presented in performance reports, but without a target and/or baseline data from previous years, it is impossible to know what these reported levels mean.

It is important that both target and baseline data are used in reports rather than reporting on one alone. Metzenbaum (2009) stresses the importance of communicating performance trends and targets, not simply target attainment. A central point of her argument is that the percentage of targets attained is of itself of limited use; rather: “It is far more informative and

**Figure 7: Example of Good Use of Target and Baseline Data, American Indians and Alaska Natives with Diagnosed Diabetes who have Achieved Blood Pressure Control**



Source: <http://www.hhs.gov/asrt/ob/docbudget/citizensreport.pdf>, p. 13

objective to communicate whether, where, in what direction, and by how much performance and related indicators are moving. Reporting performance trends indicates whether or not program outcomes and interim outcomes are going in the direction desired, suggesting whether agency actions are working as intended, not simply whether a target has been met or a commitment fulfilled” (p. 16).

There are challenges—in reporting on target setting and on the establishment of baseline data—that need to be addressed. Some examples of the types of challenges involved, and how they are being addressed, emerge from a scrutiny of the performance reports:

- **Setting targets for demand-led programs.** A particular challenge is associated with target setting for demand-led programs, because demand is difficult to forecast. In these circumstances, keeping the target open for revision is important. For example, in the Australian health report it states that the target for number of Medicare rebates provided for services was revised from an estimated 264 million services (12.6 services per capita) in the original estimates to an estimated 275 million (13 services per capita) in the additional estimates, due mainly to strong uptake of newly introduced primary care items. The revised target was the one reported against in the performance report.

### Good Practice in Presentation: A Well-Designed Outcome Indicator Report<sup>6</sup>

1  
OUTCOME

Performance Information for Outcome 1 Administered Programs

Administered Funding – Population Health Programs	
Including:	1.1 Chronic Disease – Early Detection and Prevention; 1.2 Communicable Disease Control; 1.3 Drug Strategy; 1.4 Food and Regulatory Policy; 1.5 Immunisation; and 1.6 Public Health.
Indicator:	Effective screening programs delivered in accordance with a sound evidence base and with responsiveness to new and emerging trends.
Measured by:	Breast cancer and cervical screening rates for women in the target age groups, and participant rates in the National Bowel Cancer Screening Program.
Reference Point/Target:	Participation rates in breast cancer and cervical screening programs increase; and participation rates for bowel cancer screening.
<b>Result:</b> Indicator met.	
<p><b>Breast Cancer</b></p> <p>The latest available data through BreastScreen Australia on breast cancer screening rates for women in the target age range indicate that participation rates remained stable at 56.2% in 2004–05 compared with 55.6% in 2003–04. In 2004–05 participation of women in the target age range was significantly higher in outer regions (59.5%), inner regional (58.0%) and remote areas (57.8%) than in major cities (54.7%) and in very remote areas (45.9%). The participation rate for Aboriginal and Torres Strait Islander women aged 50–69 years, 35.8%, was much lower than the non-Aboriginal and Torres Strait Islander rate of 55.9%. However, the rate for Aboriginal and Torres Strait Islander women has increased significantly from 31.8% in 1999–2000, to 35.8% in 2004–05.</p> <p><b>Cervical Cancer</b></p> <p>For the first time participation in the National Cervical Screening Program was reported using two-year, three-year and five-year participation rates. In 2005–06, the two-year participation for women aged 20–69 years was 60.6%, a small reduction from 2004–05 when two-year participation was 61%. However, three-year participation for women in the target age range in 2004–05 was 73.1% and five-year participation was 85.9%. The three year participation rate compares favourably with 69% for England, and 64% for Wales. The five year participation rate was higher than England (79%), Wales (75%) and the Netherlands (77%), but lower than Finland (90%), which has the highest five-year screening rate in the world.</p> <p><b>Bowel Cancer</b></p> <p>At 30 June 2008, the crude participation rate for the National Bowel Cancer Screening Program was approximately 40%. This figure is based on the number of completed faecal occult blood test kits received as a proportion of the number of people invited. This is an increase from 30 June 2007, when the participation rate for the program was 35.8%.</p>	

**Source:** [http://www.health.gov.au/internet/annrpt/publishing.nsf/Content/3C6696A0554501F1CA2575A5008138F0/\\$File/Full%20Report%20of%20the%202007-08%20Annual%20Report.pdf](http://www.health.gov.au/internet/annrpt/publishing.nsf/Content/3C6696A0554501F1CA2575A5008138F0/$File/Full%20Report%20of%20the%202007-08%20Annual%20Report.pdf), p. 42

### Good Practice in Presentation: Use of Graphics and a Hotlink to More Information



This map shows which states had an increase in traffic fatalities greater than 5 percent, increases less than 5 percent or decreases from 2006 to 2007. The results are generally positive with over half the states seeing a decrease in fatalities. These results provide DOT with the opportunity to target effective safety initiatives and campaigns. For more information see NHTSA's August 2008 Traffic Safety Facts at <http://www-nrd.nhtsa.dot.gov/Pubs/811017.pdf>.

Source: <http://www.dot.gov/par/2008/>

Sometimes it can be helpful to set a range rather than a single figure for acceptable performance. In the U.S. agriculture report, targets for demand-led schemes have a range associated with them and the target is deemed to be met if the actual indicator falls within that range. An indicator of dollar value of agricultural trade preserved through trade agreement negotiation, monitoring, and enforcement has a 2008 target of \$900. The report notes that this target is controlled by international parties, and that data assessment metrics to meet the target allow for an actual number in the range of \$600-\$900.

- Handling the revision of baselines.** Sometimes, in light of new and enhanced information or revisions in thinking, the baseline data need to be revised. For example, the U.S. transportation report notes that the indicator of motorcyclist fatalities was re-baselined in 2008 to reflect a change in focus from fatalities per 100 million vehicle miles traveled to fatalities per 100,000 registrations. In these circumstances, it is impor-

tant to be clear about the change, the reasons for it, and the implications for an assessment of performance.

- The impact of legislative change.** A performance indicator in the U.S. health report is "Increase the percentage of Head Start programs that achieve average fall to spring gains of: (a) at least 12 months in word knowledge (Peabody Picture Vocabulary Test); and (b) at least four counting items." But the performance report notes that, because of the Improving Head Start Act of 2007, which reauthorized the Head Start program, the national reporting system was terminated—and that Head Start will only report data for these performance measures through FY 2007. In such circumstances, where legislative change results in a program being significantly modified or abandoned, all that can be done is to note the position and indicate any new arrangements that are planned. It is also noted against the Head Start indicator that, in conjunction with planning for future years, experts

## Good Practice in Presentation: Canada Provides Structured and Consistent Online Access to the Performance Information Contained in Performance Reports

Canada has moved all of its major reports online, creating a webpage dedicated to parliamentarians (<http://www.tbs-sct.gc.ca/tbs-sct/audience-auditore/parliamentarian-parlementaire-eng.asp>). This in turn links to a Government of Canada planning and performance gateway.

The screenshot shows the Treasury Board of Canada Secretariat website. At the top, there is a navigation bar with links for Français, Home, Contact Us, Help, Search, and canada.gc.ca. Below this is a main content area titled "The Government of Canada Planning and Performance Gateway". The left sidebar contains a menu with categories: "The Government of Canada Planning and Performance Gateway", "How this site is organized", "Whole-of-government framework: Background", "Spending Areas", "Federal Organizations", "Archive", "Evaluations", "Audit and Evaluation Database", "Evaluations", "Results-based Management and Accountability Framework Guide", "Tools & Resources", "Good Practices Handbook", "Planning and Performance Gateway", and "Horizontal Initiatives Database". The main content area features a central heading "The Government of Canada Planning and Performance Gateway" followed by a question: "What is the federal government's contribution to Canada's performance as a nation?". Below this is a box labeled "CANADA'S PERFORMANCE" and another question: "How much does the Government of Canada plan to spend this fiscal year? What does it hope to achieve?". This is followed by a box labeled "Overview of Reports on Plans and Priorities" and a final question: "What has the Government of Canada spent in the past year, and what has it achieved?". Below this is a box labeled "Overview of Departmental Performance Reports". The right sidebar contains "Other Resources" with links to "CANADA'S ECONOMIC ACTION PLAN BUDGET 2009", "SPEECH FROM THE THRONE", and "Indicators of Well-being in Canada". At the bottom right, there is a "Contact Us" section with the text "Contact the Results-based Management Directorate".

Source: <http://www.tbs-sct.gc.ca/ppg-cpr/home-accueil-eng.aspx>

will be consulted on the best options for replacement performance measures.

### Key Attribute Five: Ensuring good presentation and effective use of technology.

With regard to presentation, poor practice in the performance reports surveyed often related to unclear, partial, and overly long performance information being presented in the report. Sometimes, the information required was not present at all. At other times, the information was there but was hard to find without searching for it. For example, sometimes, targets and baseline data are available in the performance reports, but they are difficult to find, due to not being readily presented next to the indicator. The Canadian agriculture report sets out a table of performance indicators showing changes in farm income over time. But it is only at the end of one of the paragraphs in the accompanying text that a target is set out to see net farm income be at least 80 percent

of the previous five-year average. Similarly, there is an excellent table in the Australian transportation report that gives baseline trend data on transport safety in areas such as accident and incident notification and outcomes of investigations. But the table is isolated at the end of a section on safety and is not referenced in the text. Similarly, as has been noted earlier, examples exist of outcome information being available, but being buried in the text.

Effective use of technology can be helpful in aiding readers of performance reports in sifting through the mass of data available. Despite efforts to keep performance indicators at a high level and report only on key output and outcome issues, Table 2 (referenced earlier) shows that there are still a lot of indicators to be found in performance reports. When accompanying text and narratives are included, the reports run to many pages. And often, the indicators raise questions in readers' minds; they would like



further information, and the ability to drill down to supplementary data is useful. This level of detail is not a problem in and of itself, as governments are increasingly involved in complex issues and the public and politicians demand more information, not less. What is needed in this context is a way of navigating through the performance information.

Canada and the United States are the two countries examined that appear to have made the most progress with regard to using technology to support the readers of performance reports. In the U.S. health and transportation reports, for example, several of the indicators reported give hot links to websites that contain additional information on the outcome area under scrutiny. As McCormack (2007) notes, while electronic reporting will never replace hard copy versions for parliamentarians, used judiciously it has a number of advantages:

- It gives the reader the ability to drill down through information within a consistent structure.
- It creates the capacity for users to tailor information to their needs.
- It is accessible and portable.

It is possible to drill down and search by spending area, by outcome area, and by organization.

**Key Attribute Six: Providing output and activity indicators as well as outcome indicators when discussing agency performance.**

The U.S. approach to performance reports has been to focus almost exclusively on outcomes. As we have seen, this approach differs substantially from the other countries examined, where the majority of indicators in the performance reports focus on outputs. In part, this can be attributed to differences in emphasis as to what the performance reports are there to do. The U.S. government has clearly decided to use the reports to track performance against program outcomes, whereas in the other countries examined the reports are also used as accountability mechanisms for agency performance.<sup>7</sup> In judging agency performance, output and activity indicators help provide a more complete picture.

For example, in the Canadian agriculture report, in the section on pest management, it is reported that

there is “management of 79 projects (including 40 new projects for 2007-08) with 95 percent (75 of 79) on target and meeting milestones as of March 2008.” This informs any judgment as to how well the department is managing this function. Timeliness indicators are also frequently used in the Australian, Canadian, and Irish performance reports. For example, one indicator in the Australian health report is that “on average, eligible clients are issued with a voucher within 14 days from receipt of a completed application.” The performance narrative gives actual performance against the 14-day target and compares that with the previous year’s performance.

**Policy advice**

A particular challenge in reporting on the performance of agencies is devising appropriate indicators and information on the provision of policy advice. In response to central guidance, the Australian performance reports all contain some variant of an indicator regarding policy advice along the lines of “level of satisfaction of the minister with the quality and timeliness of ministerial correspondence, briefs, parliamentary questions, speeches and media releases as measured by the feedback received.”

In Ireland, the health report attempts to put figures on the work of supporting the minister: “Respond to an estimated 6,000 parliamentary questions, 8,000 ministerial representations, and 140 Dáil and Seanad adjournment debates. Give evidence to meetings of ... committees (22 in 2007) and prepare Order of Business notes, briefs, speeches, and attend meetings as required.” Clearly such information is of limited use, and there is a sense that this is being reported by rote (there is nothing reported, other than satisfactory feedback from ministers in any of the Australian reports examined).

A slightly more thoughtful approach can be seen in the performance narrative associated with reporting on policy advice in the Australian agriculture report. While the indicator simply notes that the minister has expressed his satisfaction formally and informally, the accompanying narrative gives useful accompanying information. For example, it sets out five-year trends in ministerial work flow for items such as cabinet submissions and ministerial correspondence. And it accompanies this with the establishment of targets for ministerial correspondence

that are reported: less than 5 percent of ministerial correspondence returned for re-drafting, and no overdue ministerials at close of business each Thursday. Such information at least gives one a sense of the quantity and quality of policy advice provided.

## Recommendations for Improvement

Drawing from the six key attributes of a good system for outcome and output reporting, it is possible to identify six corresponding recommendations for actions aimed at getting better performance reports.

**Recommendation One: When developing performance measurement systems, use a consistent, comparable, and structured approach to performance information across all agencies and programs.**

A consistent and structured approach comparable within and across agencies enhances the quality of reporting. This in turn facilitates understanding and the interpretation of the output and outcome indicators.

**Recommendation Two: Include a good performance story to accompany the indicators.**

A good performance story helps with regard to interpreting the meaning and significance of the performance information. The performance story can identify external factors that impact on performance, and help inform any judgments and understanding of agency and program performance.

**Recommendation Three: Specify outcome indicators, and fully explain the results reported against the indicator.**

Good outcome indicators are possible. But it is important that, when such indicators are specified, actual results against the indicators are reported. The performance story must tell the story of the outcome indicator, and not just of some activity or output contributor to the outcome.

**Recommendation Four: Provide both target and baseline data.**

Both target and baseline data should guide performance assessment over time.

**Recommendation Five: Ensure effective use of technology in presenting the performance data collected.**

People can feel overwhelmed by the sheer amount of performance information available. Making effective use of presentation techniques and technology through means such as the use of hot links and electronic reporting can help readers navigate their way through the data.

**Recommendation Six: Present agency performance information which includes output and activity indicators in addition to outcome indicators.**

If a purpose of the performance reports is to account for agency performance, good indicators of outputs and activity in the performance report section of the report are helpful in painting a richer description of the outcomes achieved.

# Appendix: A Strategic Focus on Outcomes—A Global Trend

from *Moving from Outputs to Outcomes: Practical Advice from Governments Around the World* by Burt Perrin  
(Available at the IBM Center website: [www.businessofgovernment.org](http://www.businessofgovernment.org))

Over the last decade, countries around the world have undertaken reforms with the aim of improving the relevance and effectiveness of public services and the quality of public sector management. A key aspect of most reform processes is a focus on results and, in particular, on outcomes.

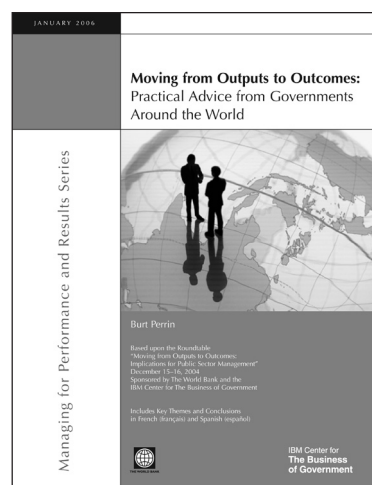
Until recently, the performance of public sector programs, and of their managers, has been judged largely on inputs, activities, and outputs. This approach, however, has come into question. One of the major factors behind many reform initiatives is a concern that government too often is preoccupied with process and following rules, and it is not clear what benefits are actually arising from public sector expenditures and activities.

External influences also have played a role in stimulating movement toward a results orientation. An outcome focus increasingly is a prerequisite for financial and other forms of support; for example, as both Ireland and Spain have indicated, one pressure for a results orientation came from the European Union (EU). Leadership from the EU has influenced the administrative systems of the 10 new Member States, mainly from Eastern Europe, and is a major factor influencing reform in other countries that are interested in future membership or closer relations with the EU. Both Spain and Ireland touch upon the role the EU has played in influencing directions in their countries. The World Bank and other development banks, along with many multilateral and bilateral donors, are increasingly demanding an outcome

orientation, along with appropriate monitoring and evaluation systems, as a condition of financial and other forms of support.

External pressure can come as well from the other direction, such as from civil society. A number of countries emphasized the importance of the demands of civil society for tangible results that helped lead to their outcome approach. Civil society attention has also been cited as an important factor in sustaining the efforts and in providing a democratic basis for reform efforts linked to the needs and desires of the citizenry.

A number of benefits to an outcome-oriented approach have been identified; for example, it can serve as a frame of reference to ensure that inputs, activities, and outputs are appropriate. It represents a means of demonstrating the value and benefits of public services to citizens and to the legislature. At least as important, an outcome focus is an essential component of a learning approach that can identify how policies and program approaches may need to be adjusted, improved, or replaced with alternatives. It is essential not only to demonstrate that outcomes have occurred, but that the interventions in question have contributed to these in some way.



# Acknowledgments

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# Endnotes

1. In practice, there is no common understanding or use of the term “performance indicator” displayed in the performance reports, either within or across countries. In some reports, the term “performance measure” is used, and in others, “performance indicator.” Not infrequently, the indicator is set out in the form of an objective (for example, “the efficient and effective delivery and adoption of research and development”), and the actual indicator data reporting on achievement of the objective is contained in the results information in the supporting documentation. The term performance indicator is used in this report to specify the indicator or measure, however defined, used in the performance report when reporting on program performance.

2. The Australian Department of Transport and Regional Services had its responsibilities reallocated during the year under scrutiny, and became the Department of Infrastructure, Transport, Regional Development and Local Government. For comparative purposes, only performance indicators from the original Transport and Regional Services portfolio budget statement 2007-08 are included in this study.

3. Until 2007, a single performance and accountability report (PAR) was produced by each agency. In 2007, a pilot program was introduced that enabled participating agencies to produce three documents: agency financial report, annual performance report, and a highlights document (subsequently renamed as a “citizens report”). Of the reports examined for this study, only the Department of Health and Human Services produced a citizens report, and this report was used for the analysis. The PAR was used for agriculture and transportation.

4. While most indicators could be classified with a reasonable degree of certainty against particular criteria, it was not always clear how to classify the indicator. For example it was not always clear if an indicator was an output or outcome indicator. Similarly, it may be that some indicators classified as, for example, not measur-

able, are indeed capable of measurement; it is just that there was no evidence of this displayed in the relevant section of the performance report. The time-bound nature of many indicators was particularly difficult to assess, as many indicators had implicit annual time limits associated with the reporting cycle, but this was not always clear. To try to ensure consistency, the author and a research colleague both separately classified the indicators and then discussed ones for which a difference of opinion existed to determine a final classification. But an element of judgment inevitably plays a role in any classification of this nature.

5. The format of the Canadian transportation report was different from that of all other reports studied when it came to setting out performance indicators. The eight indicators used in the study were identified from the sections of the report on performance measurement under each program activity for each strategic outcome. The report was narrative in nature rather than explicitly setting out performance indicators, as do all of the other reports.

6. Although this is an example of good practice in the presentation of outcome indicator reporting, it displays some of the limitations noted in Endnote 1. The specified indicator is set out in terms of an objective, and it is in the “measured by” section that the actual indicator data to be used are specified.

7. The performance of the agency itself is scrutinized separately in the performance and accountability reports in the United States, and also in more detail in other reports to Congress.

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