

**CCAF REPORTING PRINCIPLES**

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Performance Management Branch  
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## Introduction

Principles can be defined as the fundamental concepts that guide performance reporting. They are intended to provide the overarching framework for advancements in both the quality and content of performance reports. Experience in other jurisdictions highlights that adopting a set of principles to guide the development of public reports is critical to producing high quality and useful public reports.

Executive Government's performance reporting is guided in part by work done by the Canadian Comprehensive Auditing Foundation (CCAF), a national non-profit educational group aimed at providing leadership and building capacity for effective governance, accountability, management, and audit.

In December 2002, CCAF released a report entitled Reporting Principles – Taking Public Performance Reporting to a New Level. An executive summary of this document is available on the CCAF website: [http://www.ccaf-fcvi.com/english/site\\_additions/archives2002/documents/executive\\_summary/reporting\\_principles.pdf](http://www.ccaf-fcvi.com/english/site_additions/archives2002/documents/executive_summary/reporting_principles.pdf). This publication is the culmination of a multi-year project on public performance reporting that involved extensive research and consultation with government managers, auditors and legislators throughout Canada.

**This report identifies the following nine broad principles for reporting:**

- 1. Focus on the few, critical aspects of performance**
- 2. Look forward as well as back**
- 3. Explain key risk considerations**
- 4. Explain key capacity considerations**
- 5. Explain other factors critical to performance**
- 6. Integrate financial and non-financial information**
- 7. Provide comparative information**
- 8. Present credible information, fairly interpreted**
- 9. Disclose the basis for reporting**

Note: In early 2008 the CCAF released a report entitled What Can We Learn from Effective Public Performance Reporting? Good Practices for Central Agencies, Legislators, Auditors, and Report Producers, which can be found at [http://www.performancereporting.ca/documents/PPR-Good\\_Practices.pdf](http://www.performancereporting.ca/documents/PPR-Good_Practices.pdf). This report provides practical ideas for public sector organizations to improve their performance reports based on research done in eight different jurisdictions within Canada, the United States, New Zealand, Australia, and the United Kingdom.

## CCAF Reporting Principles

This section provides further details on each of the nine CCAF principles and references the relevant section within the CCAF's 2002 Reporting Principles document.

### 1. FOCUS ON THE FEW, CRITICAL ASPECTS OF PERFORMANCE

CCAF recommends that *“public performance reporting should focus on the few critical aspects of performance. To be understandable, public performance reporting needs to focus more selectively, and more meaningfully, on a smaller number of critical aspects or areas of performance.”*

This principle is intended to add focus to reporting. By focusing on the core objectives of the organization and the needs of users, the usefulness and quality of performance reports is greatly improved.

CCAF identifies three considerations that should be used in determining the appropriate focus for public reporting:

- What is important to the intended user;
- Core objectives of the organization and key results governments have committed to achieve; and,
- Aspects of performance that government judges as critical to the success of its strategies for achieving its core objectives and meeting its performance commitments.

See page 15 of the CCAF document for further information on this principle.

### 2. LOOK FORWARD AS WELL AS BACK [REPORTING ON GOALS AND ACCOMPLISHMENTS]

CCAF recommends that *“public performance reporting should be forward-looking as well as retrospective. At a minimum, it should identify and explain goals and expectations, and relate results achieved to previously established expectations.”*

This principle focuses on both the release of plans [look forward] and the reporting of results [look back]. Plans should inform readers about the outcomes the organization is pursuing and how its activities support the outcomes in the plan. The reporting of results should be done in the context of the expectations identified within the original plan and should identify how annual results support the achievement of long-term outcomes.

See page 21 of the CCAF document for further information on this principle.

### 3. EXPLAIN KEY RISK CONSIDERATIONS

CCAF recommends that *“public performance reporting should identify key strategic risks, explain their influence on policy choices and performance expectations, and relate results achieved to the risks, and level of risk, accepted.”*

Risk can be defined as the chance or probability that something undesirable will happen, or that an opportunity will be missed. Decisions relating to the outcomes being pursued and actions undertaken to achieve the outcomes have an impact on the organization’s ability to achieve its stated outcomes. The inclusion of risk information within public performance results helps to increase user understanding and confidence.

See page 25 of the CCAF document for further information on this principle.

### 4. EXPLAIN KEY CAPACITY CONSIDERATIONS

CCAF recommends that *“public performance reporting should disclose and discuss key considerations affecting capacity to sustain or improve results and meet expectations.”*

The term “capacity” refers to an organization’s ability to achieve results at a specified level; a number of internal factors can impact on an organization’s results, including the quantity and quality of human, financial, intellectual, technological or physical resources available. Capacity considerations may influence the organizational choices around outcomes being pursued, actions undertaken to support the achievement of the outcome and resource allocation decisions.

CCAF notes that the discussion of capacity is particularly important under the following scenarios:

- When commencing a new program;
- When changing strategic directions or adopting new methods of delivery;
- When extending the planned life of critical equipment or infrastructure [could impact longer-term performance]; and,
- For programs that must use or respond to scientific, technical or marketplace advances.

When an organization has capacity constraints that will affect its ability to achieve planned results, these constraints should be identified, along with plans to develop the necessary capacity.

See page 29 of the CCAF document for further information on this principle.

### 5. EXPLAIN OTHER FACTORS CRITICAL TO PERFORMANCE

CCAF recommends that “*public performance reporting should disclose and discuss any other factors critical to successful implementation of strategies or to understanding of performance.*”

CCAF identifies the following other factors that could have an impact on results:

- Changing economic, social or demographic information;
- Standards of conduct, ethics or values;
- Public perception of performance or acceptance of objectives, or the strategies adopted to achieve them;
- The involvement or performance of other organizations; and,
- Unintended impacts, whether positive or negative, of government programming.

The disclosure of other factors affecting performance helps users to understand the impact these factors have on both planned and actual results.

See page 32 of the CCAF document for further information on this principle.

### 6. INTEGRATE FINANCIAL AND NON-FINANCIAL INFORMATION

CCAF recommends that “*public performance reporting should integrate financial and non-financial information to show how resources and strategies influence results... Public performance reporting needs to help people understand how the nature and level of spending influences results.*”

Meaningful public reporting must put results information in context with their associated costs. Only when results are presented in relation to the resources consumed can the user assess and evaluate results. For example, when looking at the impact of alternative measures programs on recidivism rates, a reduction of 2 per cent might be viewed very differently if an incremental \$100,000 or \$10 million was needed to generate this change.

See page 36 of the CCAF document for further information on this principle.

### 7. PROVIDE COMPARATIVE INFORMATION

CCAF recommends that “*public performance reporting should provide comparative information about past performance and about the performance of similar organizations when doing so would significantly enhance a reader’s ability to understand and use the information being reported...[when relevant, reliable and consistent information is reasonably available].*”

This principle encompasses two distinct types of comparative information:

- *Historical Trend Information*

The first type of comparative information is historical trend information for the organization over time. Trend information allows readers to put current results in the context of past results and enables them to assess whether organizational performance is declining, stable or improving.

- *Comparative Information*

The second type of comparative information compares the organization’s performance to other similar entities. For example, Finance’s plan includes a measure on *Inter-provincial comparison of personal tax paid by a single parent earning \$25,000*. This measure can be accurately compared to experience in other provinces.

Including information that compares the results of one organization with another can involve a number of complex issues, such as the validity of the comparison, data quality, and consistency. Where these issues can be overcome, this type of comparative information provides very meaningful information to both decision-makers and readers; it allows users to assess the organization’s results on a much broader scale.

See page 40 of the CCAF document for further information on this principle.

### 8. PRESENT CREDIBLE INFORMATION, FAIRLY INTERPRETED

CCAF recommends that “*public performance reporting should be based on credible quantitative and qualitative information fairly interpreted and presented ...reporting on performance means developing a blend of observable facts, interpretations, assumptions and projections. To be useful, that blend has to be robust – as free from material error or bias as professionalism, reasonable care and due diligence can make it, and stated clearly enough that it can be readily understood and acted upon. Robust reporting on performance does not imply absolute precision or certainty, as uncertainties are inherent in what is being measured and in measurement itself.*”

## CCAF REPORTING PRINCIPLES

There are five key attributes of sound reporting; it is possible that contradictions will exist between these attributes; therefore, there is a need to strike a balance among them:

- Information is *consistent* – measured and presented consistently over time
- Information is *relevant* – relates to the objective being measured, explains what happened and why, shows whether performance is improving or declining and helps predict what will happen in the future
- Information is *reliable* – free from material error or omissions, capable of being replicated, and responds to and reflects changes in events, results or situations
- Information is *understandable* – avoids excessive detail, jargon and vague or overly technical descriptions; results are presented graphically where it would enhance user understanding
- Information is *fair* – is presented in a fair and unbiased manner

See page 43 of the CCAF document for further information on this principle.

### 9. DISCLOSE THE BASIS FOR REPORTING

CCAF recommends that “*public performance reporting should disclose the basis on which it has been prepared. In particular, public performance reports should explain:*

- The basis for selecting the few critical aspects of performance on which to focus;
- Changes in the way performance is measured or presented; and,
- The basis on which those responsible for the report hold confidence in the reliability of the information being reported.”

This principle deals with providing disclosures associated with the choices made around items to be reported, changes in measurement or presentation and steps taken to ensure the reliability of data. These concepts are instrumental in increasing user confidence with the information being reported.

See page 48 of the CCAF document for further information on this principle.