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Agenda Item
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DATE:	June 4, 2010
MEMO TO:	Members of the IPSASB
FROM:	Lisa Parker
SUBJECT:	Reporting Service Performance Information

Objectives

- To **discuss** issues related to reporting service performance information.

Agenda Material

3.1   Issues Paper- Reporting Service Performance Information

Background

1.   In addition to more traditional financial performance information, a large number of governments around the world are currently reporting performance information about the programs and services they provide (referred to as service performance). Practice is fairly diverse in various jurisdictions. The Appendices in the attached issues paper (agenda paper 3.1) provide details on current practices in a number of countries and the United Nations.

2.   The scope of this project is to use a principles based approach to create a consistent framework for reporting service performance information of governmental programs and services that focuses on meeting the needs of intended users.

3.   The intermediate objective is to produce a Consultation Paper. The Consultation Paper will highlight and analyze existing approaches used by governments around the world, where the reporting of service performance information is a feature of governmental financial management.

4.   As you are aware, GASB is providing the key staff resource on this project. The issues paper has been prepared by Lisa Parker, a project manager at the GASB. IPSASB staff will provide oversight where needed.

5.   In addition, a Task Based Group (TBG) has been established to assist the project staff. The members of the TBG on service performance are Marie-Pierre Cordier, Sheila Fraser, and Bharti Prasad. Note that the TBG has not reviewed this issues paper given the late timing of their formation and commitments on other TBGs especially for conceptual framework. It is expected that the TBG's involvement will be particularly vital early in 2011 once the consultation paper is being developed.

ISSUES PAPER- REPORTING SERVICE PERFORMANCE INFORMATION

Objective

1.   A large number of governments around the world are currently reporting service performance information about the programs and services they provide (referred to in this project as service performance). The objective of this issues paper is to provide the International Public Sector Accounting Standards Board (IPSASB) with information to facilitate discussions on this topic. The goal of the project is to develop a framework for reporting service performance information that focuses on meeting the needs of intended users.

2.   This issues paper will review and compare the existing national standards and guidance on service performance reporting (or its equivalent) in the public sectors, where it exists. Specifically, this issues paper will identify for selected countries around the world:

   (a)   what are the objectives of reporting service performance information;
   (b)   who the identified users of service performance information are;
   (c)   what the needs of these identified users are; and
   (d)   what type of service performance information is needed to meet those needs.

Background

3.   Practice with respect to reporting service performance is fairly diverse in various jurisdictions. In some countries, governments are required by law to report this information annually while in others, the reporting of service performance information is strictly a voluntary action. The reporting of service performance information by the United Nations and 23 different countries has been reviewed and compared in this paper. Appendix 1 provides a listing of all countries reviewed. The reporting of service performance information at sub national levels has also been considered in some countries, where applicable, such as the U.K and U.S. The countries of Brazil, India, and Russia also were reviewed. Although information for these three countries was not available to address the specific issues posed in this paper, the current practices within each of those three countries have been included within issue 1.

4.   The paper is organized by issue. Detailed individual country information by issue is included in Appendices 2-5. Each issue has been summarized and preliminary conclusions drawn based on the research.

Summary of Current Practice

5.   Based upon the research conducted, many of the countries are focusing on performance management and the reporting of service performance information is a secondary objective. However, there are some countries where the reporting of service performance information is more prominently emphasized.

6.   Research on some countries revealed that performance reporting frameworks sometimes exist, but often have had little impact on external performance reporting in the public sector, especially in the context of enhancing accountability to the general public. Rather, common characteristics in these countries include a focus on the financial aspects of service performance, accountability to budgetary authorities, and difficulties experienced in implementing service performance reporting where significant capacity limitations existed or government support was lacking.

7.   The 31 member countries of the Organization for Economic Co-Operation and Development (OECD) have begun using performance-based management, including budgeting and reporting, to assess program and service performance in the context of effectiveness, efficiency, and the achievement of goals and objectives. Some countries and international organizations undertake performance reporting assessments targeted at other nations when donations of foreign aid have been made or are being considered. Although these assessments usually include information not solely related to public sector service performance (such as economic and financial data), this type of reporting can provide accountability information on the public sector if nonfinancial performance information is included.

8.   In some instances, such as the European Union's Public Expenditure and Financial Accountability (PEFA) assessment of Kenya, the measurement systems themselves are evaluated by an independent organization.[1]   Conducting performance assessments in this manner can enhance the reliability of both financial and nonfinancial information. However, some of the benefits of service performance reporting may be lost if the evaluating country has little experience with the evaluated country's policies and reporting processes, or if nonfinancial data is unavailable.

9.   The European Union (and its many sub-agencies) has developed guidelines and standards for performance reporting that directly affect member countries, including the following countries covered by this paper: France, Germany, Italy, the Netherlands, and the U.K. In addition to the European Union and individual countries, international organizations like the United Nations, International Monetary Fund (IMF), OECD, and the European Institute of Public Administration have conducted research, developed guidelines, and set standards for public performance reporting. Many of these organizations' research studies are cited throughout this paper.

10.   Nonfinancial performance reporting systems in many countries are linked directly to each particular country's financial performance reporting system. This aids the country's public sector in achieving a more holistic view of the programs and services a department or agency provides, particularly when input information is compared to output and outcome information. It is important to note, however, that data on "expenditures" may not necessarily represent actual costs. This

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[1]   Hedvall, Finn, et al. "PEFA Public Financial Management Performance Assessment for Kenya." Performance Assessment Report. 2009.

should be carefully considered in reports that integrate financial and service performance information.

11.   Almost every country within the scope of this research has divided its public sector into national, provincial (state) and local government units (for example, cities and towns). This is often because some service responsibilities are perceived as being better implemented at the regional or local level. Responsibilities for the following services are often decentralized to better align service providers goals and objectives with users' needs: "road building, repair, and maintenance, police services, fire services, garbage and waste management, public buildings, public transportation, and cultural activities."[2] Decentralization of the reporting of service performance information has been advocated by a variety of organizations such as the World Bank; however, decentralization can have its drawbacks, as well as its advantages. Leaving the establishment of service performance reporting standards to localities allows those governments to set goals and objectives, targets, indicators, and reporting frameworks based on individual needs and priorities; however, decentralization can result in inconsistencies. This makes comparability across regions particularly challenging.

12.   Although the United Nations and most of the 23 countries in this report have implemented various public sector service performance reporting frameworks or guidelines, comparability of service performance information (often through inputs, outputs, and outcomes) across countries is difficult to achieve. Great complexities exist in comparing outputs and outcomes. "This is because the coverage and scope of public sector activities are societal-specific."[3] Even within the same spending areas, the aims, and consequently the output and outcome measures/indicators (referred to in the rest of this paper as measures), are not the same. This factor, combined with different measures and methods of gathering data, has led some to assert that "assembling a data set on public service outputs suitable for cross-country comparison is, for many sectors, more an ideal than a possibility."[4]

13.   The detailed research findings on current practices for the United Nations and each individual country, which provided a basis for the summary information above, are set out in Appendix 2 to this paper.

Issue 1—What are the objectives of reporting service performance information?

14.   Based on the review of the United Nations and the 23 selected countries, three objectives of reporting service performance information were identified as being most prevalent:

    (a)   Accountability;
    (b)   Improving the services delivered and the results achieved; and

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[2]   Padovani, Emaunuele and Eric Scorsone. "Challenges in the Comparative Analysis of Local Government Bureaucracy and Performance Measurement: The Case of Italy and the United States." European Group of Public Administration Annual Conference. Madrid, 2007. 1-36.

[3]   IBID.

[4]   IBID.

       (c)   Improving decision making.

15.   The detailed research findings for the United Nations and each individual country, which provided a basis for the summary information, are set out in Appendix 2 to this paper.

Accountability

16.   The research undertaken supports the view that accountability should be the primary objective of public sector service performance reporting. This is consistent with the objectives of general purpose financial reporting (GPFR) set out in the Conceptual Framework Phase 1 Consultation Paper. Holding managers accountable for the efficiency and effectiveness[5] of programs and services they are directly responsible for is important to almost every country's citizens and government officials. It is interesting to note that accountability to government and budgetary officials takes precedence in certain countries over accountability to the public**.**

17.   Underlying the need for information to use in assessing accountability and for decision-making is the basic nature of government and its relationship to its resource providers and service consumers. Accountability is the relationship between those who control or manage an entity and those who possess formal power over them. It requires the accountable party to provide an explanation or a satisfactory reason for their activities and the results of efforts to achieve the specified goals or objectives. Accountability also requires a government to answer to the public (citizens, taxpayers, residents, and service recipients) and other resource providers. In answering to the public and other identified users, government officials are accountable for financial resources, adherence to legal requirements, the efficiency and effectiveness of programs and services, and the level of services provided and the resources used in doing so.

18.   Providing greater transparency and accountability may increase constituent interest and participation in government and therefore may increase the level of trust between government and the users of government service performance information. In times of fiscal stress, this becomes increasingly important. However, an underperforming government may experience a decrease in the level of trust with users of their service performance information because of their lack of positive results.

19.   Holding government officials accountable for the efficiency and effectiveness of programs and services may add increased pressure to report positive instead of objective results. There are often many factors, other than the program or service itself, that influence results, which the government has little or no control over. In

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5   *Efficiency* can be described as the relationship between resources used (inputs) and either goods or services provided or results achieved. Generally, efficiency is considered to be enhanced by providing more goods or services or achieving better results with the same or fewer resources. *Effectiveness* can be described as the relationship between the desired results of programs and services (normally stated as goals and objectives) and the actual results achieved. Effectiveness is normally thought of in terms of the extent to which the actual results indicate that desired results have been achieved. Therefore, an effective program or service is one that has, to a large extent, achieved its desired results.

these cases, it may be inappropriate to hold government officials accountable for results that are primarily affected by factors beyond their control.

Improving the services delivered and the results achieved

20.   In many countries public sector service performance measurement and reporting is an important tool for improving the services delivered and the results achieved by public sector organizations.   Measuring and reporting service performance information can motivate managers to put forth their best efforts in delivering services to their constituents, thereby encouraging the improvement of the efficiency and effectiveness of these public sector services and programs. Management can use this information in evaluating whether goals and objectives are being achieved, how the outputs being produced are contributing to results, and if there are other ways to achieve better results, or the same results at lower costs.

21.   However, where compensation is linked to results, some managers may focus on selected goals and objectives that are tied to their compensation instead of other important goals and objectives that may have more of an impact on improving the efficiency and effectiveness of the services being delivered.   Also, an over emphasis on improving the efficiency and effectiveness of services being delivered may shift emphasis away from other critical services, not performing at high levels, but critically important to the citizens.

Improving decision making

22.   Providing service performance information that can be used to influence policy and budget allocation decisions is another common objective of reporting this information. Providing service performance information for considering whether results are being achieved with the use of resources allocated is consistent with the goals and objectives of the government, and can provide more information on which to base budget allocation decisions.   Providing service performance information also can inform the future policy-making process by identifying programs and services that are or are not achieving desired results.

23.   Although making resource allocation, political, and social decisions was included as an objective of financial reporting in the IPSASB Phase 1 Consultation Paper for Conceptual Framework, the IPSASB agreed at the May 2009 meeting that the objectives of financial reporting should not include a specific reference to "making resource allocation, political, and social decisions."   Rather, the objectives should refer more generally to "decision–making purposes" and be supported by an explanation of the types of decisions that users of GPFRs may make.

24.   Similarly, the objectives of reporting service performance information also should use the more general term "decision–making purposes" rather than "influence policy and budget allocation decisions." The different potential users of service performance information may have a different capacity for and focus on decision-making and therefore the broader term is appropriate.

25.   Providing service performance information may encourage consideration during decision-making processes of whether results are being achieved with the use of resources that are consistent with the goals and objectives of the government. When considering policy decisions, providing service performance information may assist policy makers in selecting efficient and effective programs and services. Taxpayers and citizens who compare the value of the services they are receiving from their government to the taxes and fees that they pay for these same services, will utilize service performance information in making this cost efficiency assessment. Therefore, by broadening the objective of reporting service performance information to "decision-making purposes," all types of decisions made by varying user groups would be encompassed in this objective.

26.   A drawback that should be considered in broadening this objective to "decision-making processes" is that it may lead to fewer measures that can be used to assess resource allocation decisions because of an increased focus on results (outcomes) and a decrease in the focus on input, output, and efficiency measures. Moreover, a broader focus on the "decision-making process" may lead users to rely on measures of outcomes. This reliance on outcome measures may lead to decisions that discount the importance of certain programs and services, which while not fully effective for various reasons such as lack of adequate resources, are still important to the recipients.

Other Objectives

27.   Other objectives of reporting service performance information that were identified during the research, but not considered common include: (1) developing a longer-term view of the government, (2) reexamining the agencies' roles and functions, (3) standardizing decision-making (for example, local governments complying with directives of the central government), (4) improving the quality of life at the local level, (5) strengthening governmental processes and mechanisms, (5) empowering citizens to participate in government, and (6) sharing of best practices.

> **Questions for the IPSASB**
>
> 1.   Do you agree that the objectives of reporting service performance information include:
>
>   (a)   Accountability;
>   (b)   Improving the services delivered and the results achieved; and
>   (c)   Improving decision–making.
>
> 2.   Are there other objectives of reporting service performance information that should be considered?

Issue 2—Who are the identified users of service performance information?

28.   Based on the review of the United Nations and 23 selected countries, the most prevalent users of service performance information identified during the research include:

(a)   the public,
(b)   high level government officials,
(c)   internal management,
(d)   media groups,
(e)   countries donating financial aid to developing or distressed countries,
(f)   policy makers,
(g)   local government administrators,
(h)   managers of different governments,
(i)   creditors, and
(j)   bond rating agencies.

29.   The research did not distinguish clear boundaries between the identified users and therefore certain users may be included within more than one user type in the summary of the research.

30.   The detailed research findings for the United Nations and each individual country, which provided a basis for the summary information, are set out in Appendix 3 to this paper.

31.   The public is an important audience for public sector service performance information, particularly in countries considered progressive with service performance reporting and implementing New Public Management reforms. "The public" also is used to refer to taxpayers, citizens, residents, and users of public sector-provided services.   Identified as being important users of service performance information to almost every country's public sector service performance reporting system are high-level government officials that include parliamentarians, members of central government executive branches, directors of national audit agencies, or other national/regional policy makers.

32.   Internal management and media groups also were identified as users of public sector performance reporting information.   Countries and other international organizations providing financial aid to developing or distressed countries also may use service performance information, although this is often only supplemental to financial performance information, or information on the reporting systems themselves.

33.   Policy makers, local government administrators, and managers of different governments (across different countries, or across different levels of government within a single country) also have been known to use service performance information, particularly for comparative/benchmarking purposes and sharing of best practices. Lastly, although not cited as frequently, creditors and bond rating agencies also use service performance information in some nations.

34.   In reviewing the various users, staff believes that there are four groups of primary users of public sector reports on service performance information. They are:

(a)   those to whom the government is primarily accountable (the public, also used to refer to taxpayers, citizens, residents, and users of public sector-provided services);

(b)   those who directly represent the public (legislative and oversight bodies);

(c)   those who provide resources to the government, other than the taxpaying public (investors, creditors, and other international organizations); and

(d)   those who manage and operate the programs and services delivered by a government.

35.   In the Conceptual Framework Phase 1 Consultation Paper the IPSASB's preliminary view included three potential users of GPFRs of public sector entities "as a mechanism to explore and identify common information needs of a wide range of potential users of GPFRs." They included: (1) recipients of services or their representatives including citizens and their representatives, the legislature, and oversight or monitoring bodies, (2) providers of resources or their representatives including "involuntary resource providers" such as taxpayers and ratepayers and "voluntary resource providers" such as lenders, donors, suppliers, fee-for-service consumers, investors, the legislature and elected officials, central agencies, oversight bodies, advisors, and (3) other parties, including special interest groups or their representatives including the legislature, analysts, government statisticians, the media, and special interest community groups and their representatives.

36.   The IPSASB staff view presented at the April 2010 meeting and the subject of ongoing discussion is that the service recipient and resource provider user groups and their common information needs respond to the information needs of "other parties, including special interest groups or their representatives." Thus, tentatively leaving only two groups of users of public sector GPFRs.

37.   The four groups of primary users recommended by the staff encompass all of the common user types identified during the research of the United Nations and the 23 selected countries. As noted above, group 1 is the public. The public is the group to whom the government is primarily accountable. They are the primary provider of resources to the government in the form of taxes and service charges, the recipient of governmental services, and are responsible for electing public officials. Therefore, service performance information is necessary for this group of users in order to hold the government accountable for the services they pay for and receive.

38.   Important to almost every country's public sector service performance reporting system are high-level government officials. This includes parliamentarians, members of central government executive branches, directors of national audit agencies, or other national/regional policy makers. As noted above, these users of service performance information reports are included within group 2. This group of users establishes the policies of a government, allocates the resources of a government, decides which services need to be provided and at what level, and determine what the government expects to achieve (goals and objectives). Therefore, service performance information is necessary for this group of users to fulfill their responsibilities in representing the public, who have elected them.

39.   These first two groups of users of service performance information are arguably similar to "recipients of services or their representatives" cited as users of GPFRs within IPSASB's conceptual framework project. The staff believes that for purposes of reporting service performance information, it is necessary to separate

those to whom the government is primarily accountable (the public, also used to refer to taxpayers, citizens, residents, and users of public sector-provided services) and those who directly represent the public (legislative and oversight bodies). This is due to the fact that each group needs different types of information to make their assessments of service performance and to inform their decision-making processes.

40. Countries and other international organizations providing financial aid to developing or distressed countries also may use service performance information, although this is often only supplemental to financial performance information, or information on the reporting systems themselves. Financial aid also may be provided to developing countries not experiencing financial distress. Lastly, although not cited as frequently within the research, creditors and bond rating agencies also use service performance information in some nations. As noted above, all of these users of service performance information (countries and other international organizations providing financial aid, creditors, and bond rating agencies) are included within group 3. This group of users provides needed funding to governments, evaluates the ability of government to meet future commitments, and evaluates whether the funds they have been provided have been used appropriately by the government. Therefore, service performance information is necessary for this group of users to fulfill their responsibility of appropriate diligence in the granting or loaning of funds. The staff views this third group of users of service performance information as the equivalent to "providers of resources or their representatives" cited as users of GPFRs within IPSASB's conceptual framework project.

41. Internal management, local government administrators, and managers of different governments (across different countries, or across different levels of government within a single country) also are users of public sector performance reporting information. As noted above, all of these users of service performance information are included within group 4. These users are responsible for determining if the resources provided have been used in an efficient and effective manner, assessing the degree to which program goals and objectives are being accomplished, and recommending changes to improve the performance of a program. Therefore, service performance information is necessary for this group of users to fulfill their responsibility of providing services efficiently and effectively. Although this fourth group of users of service performance information is not cited as users of GPFRs within IPSASB's conceptual framework project, the research identified them as such in all countries and in some countries the reporting of this information is done strictly for internal decision-making purposes and not disseminated externally to the public.

Questions for the IPSASB

1. Do you agree that the users of public sector service performance information should be grouped into the following four categories:

   (a) those to whom the government is primarily accountable (the public, also used to refer to taxpayers, citizens, residents, and users of public sector-provided services);

(b)   those who directly represent the public (legislative and oversight bodies);

(c)   those who provide resources to the government, other than the taxpaying public (investors, creditors, and other international organizations); and

(d)   those who manage and operate the programs and services delivered by a government?

2.   Do you believe there are additional users of public sector service performance information that are not included within these four groups that should be considered?

Issue 3—What are the needs of the identified users?

42.   Based on the review of the United Nations and 23 selected countries, the most prevalent needs of the users of service performance information identified during the research have been classified according to the four groups of users of public sector service performance information that were identified in Issue 2.

43.   While the user groups recommended in Issue 2 recognize more types of users, this classification approach is similar to IPSASB's preliminary view in the Conceptual Framework Phase 1 Consultation Paper, which states that, "The scope of financial reporting should evolve in response to users' information needs, consistent with the objectives of financial reporting." At its May 2009 meeting the IPSASB agreed that the framework should be developed to initially focus on key aspects of financial statements. How the concepts may apply to other areas of financial reporting would be considered subsequently—for example in the context of projects dealing with narrative reporting, performance reporting, and long-term fiscal sustainability. Therefore, it is intended that prior considerations not influence this project on the reporting of service performance information.

44.   Members of group 1, which encompass those users to whom the government is primarily accountable (the public, also used to refer to taxpayers, citizens, residents, and users of public sector-provided services), need service performance information to assist in deciding whether the government:

(a)   has operated in an efficient and effective manner,

(b)   has provided services that help maintain or improve their well being, and

(c)   has been responsive in meeting their needs and demands.

45.   Users of publicly-provided services are often taxpayers who insist on receiving an adequate "return on their investments." Program and service performance information can provide much of the data needed to make this assessment. Additionally, users also may need this information to make important life decisions such as selection of a high-quality healthcare facility, whether or not to use public transportation, and what school to send their children to.

46.   Members of the media generally use public sector service performance information to highlight key details of important results and trends (improvements or deteriorations) to the general public; this enhances public awareness.

47.   Members of group 2, which encompass those users who directly represent the public (legislative and oversight bodies), need service performance information to assist in:

   (a)   deciding which services need to be provided by the government,
   (b)   establishing performance targets for specific services,
   (c)   deciding whether to modify, continue, expand, reduce, or curtail certain programs and services,
   (d)   deciding ways to improve or modify service performance,
   (e)   determining the extent to which public needs are being met by services, and the extent to which some needs remain unmet,
   (f)   resource allocation decisions, and
   (g)   many other types of decisions.

48.   Policy makers and high-level government officials are responsible for setting policies and making budget allocation decisions at the national, state, regional, or local level, and some officials are responsible for holding managers accountable for providing services, as effectively and efficiently as possible, to the public. Program and service performance information can provide much of the data needed to meet this responsibility by assisting policy makers in determining which programs and services may need to be expanded, eliminated, or maintained.

49.   Members of group 3, which encompass those users who provide resources to the government, other than the taxpaying public (investors, creditors, and other international organizations), need service performance information to assist in:

   (a)   assessing whether the funds provided have been used for their intended purpose and in an efficient and effective manner,
   (b)   assessing whether a government is a good investment and if funding should be continued, and
   (c)   establishing the charge for funds being loaned to a government.

50.   Donors of financial aid, including countries and other international organizations, use general service performance information to assess the stability and credibility of the government's various reporting systems and results of programs and services. Although this typically centers on financial reporting, public sector performance reporting also may provide important information to assess the stability and credibility of a government's programs and services.

51.   Creditors and bond rating agencies use public sector performance information, usually in conjunction with financial information, to evaluate the overall efficiency and effectiveness of governments with outstanding debt. They also use public sector performance information to assess the level of risk associated with providing funds to a government. This information is used to set bond ratings, or determine what rates are required for appropriate returns on investments.

52.   The staff believes that members of group 4, which encompass those users who manage and operate the programs and services delivered by a government, need service performance information to assist in:

(a)   establishing or modifying goals and objectives for programs and services,

(b)   deciding which programs and services are needed to achieve desired results,

(c)   deciding which activities and processes are needed to produce services (converting inputs into outputs),

(d)   deciding how to improve strategies, activities, or processes for better service performance,

(e)   identifying external factors that influence services that may need to be addressed,

(f)   establishing comparative benchmarks or targets and the sharing of best practices, and

(g)   monitoring, evaluating, and improving programs and services.

53.   Internal managers and staff of public programs and services want to know if they are meeting the goals and objectives (again, both effectively and efficiently) that they and other government authorities have established. These managers or administrators often desire to use such information to assess, evaluate, and improve the quality, efficiency, and effectiveness of services where such improvement is deemed necessary.

54.   Some local government administrators and managers of different governments use public sector performance information for comparison purposes, as well as for developing/sharing best practices in performance reporting (U.K. guidance mentions this). Judging from the inconsequential amount of literature on this, one could imply that it is typically done discretely, when done at all.

55.   The detailed research findings for the United Nations and each individual country, which provided a basis for the summary information, are set out in Appendix 4 to this paper.

Questions for the IPSASB

1.   Do you agree with the needs of users identified within each group?

2.   Are there other needs of users of service performance information not identified by the staff?

Issue 4—What type of service performance information is needed to meet the identified user needs?

56.   Based on the review of the United Nations and 23 selected countries, five different types of service performance information necessary to meet the needs of users were identified. These are:

(a)   Input, output, and outcome measures;

(b)   Information on the public sector's goals and objectives;

(c)   Comparisons of targets to actual results;

(d)   Time-oriented information; and

(e)   "Customer satisfaction" and "customer perceptions" information.

Input, output, and outcome measures

57.   Input, output, and outcome measures are the most common types of service performance information cited as necessary for meeting the needs of various users. Information on the relationships between input, output, and outcome measures are cited as being commonly used. These measures are often expressed as "efficiency" (input-to-output) indicators and "effectiveness" (output-to-outcome) indicators. These types of indicators are even more valuable when tied back to the goals and objectives established for that particular public sector service provider. However, many countries that are fairly new to the public sector service performance reporting environment (or NPM reforms in general) focus mostly on input-output measures.

58.   Staff believes that communicating service performance information is most effective when it includes all three of these types of measures. Including measures from only one or two types may not provide users with sufficient service performance information to actually assess performance of a governments programs and services. Reporting only input measures does not provide, (1) information on the quantity of programs and services being provided, and (2) information on the degree to which desired results are being achieved. Second, reporting only output measures does not provide, (1) information on the resources used in providing programs and services, and (2) information on the degree to which desired results are being achieved. Lastly, reporting only outcome measures does not provide, (1) information on the resources used in achieving those outcomes, and (2) information on the quantity of programs and services being provided to achieve those outcomes.

59.   However, reporting all three types of measures, inputs, outputs, and outcomes, also referred to as effectiveness measures, may result in too many measures being reported. This may overwhelm users and lessen their ability to focus on those measures that would have the greatest influence on their decision-making processes. In addition, countries that lack the resource capacity to report all three types of measures may become discouraged and as a result, decide not to report service performance information. Further, these same countries may attempt to report all three types of measures when reliable data is not available leading to the reporting of inaccurate results to users.

60.   Information on the relationships between input, output, and outcome measures also are commonly needed by users. These measures are often expressed as "efficiency" (input-to-output and input-to-outcome) indicators and "effectiveness" (the achievement of goals and objectives) indicators, which are included above as outcome measures. Efficiency type measures are even more valuable when linked back to the goals and objectives established for public sector programs and services being provided. Many countries involved in public sector service performance information reporting or even NPM reforms in general, focus mostly on input-to-output measures instead of input-to-outcome measures. Efficiency (input-to-output) measures provide information that may assist users in assessing the production of an output at a given level of resource use and demonstrate an entity's relative efficiency when compared with previous results, internally

established goals and objectives, generally accepted norms or standards, or results achieved by similar jurisdictions. Efficiency (input-to-outcome) measures provide information that may assist users in assessing whether the results being achieved are commensurate with the resources used in achieving desired results.

61. However, not being able to gather relevant and reliable cost (input) information may prove to be an impediment to developing efficiency measures. This may discourage public sector preparers from attempting to report service performance information. The inability to gather relevant and reliable input information also may lead to the reporting of efficiency measures that are not accurate indicators of service performance. This may mislead users and result in inappropriate assessments of the efficiency of public sector programs and services.

Information on the public sector's goals and objectives

62. Information on the public sector's goals and objectives is mentioned as being important to the usefulness of service performance information. This is why some countries' central governments require not only service performance reports, but also planning reports on the entities mission, goals, and objectives, and how it will achieve them.

63. Information on the public sector's goals and objectives is critical to the usefulness of service performance information. The importance of providing information on public sector goals and objectives is why some countries' central governments require service performance reports, and also planning reports on the entities' mission, goals and objectives, and how it will achieve them. The staff believes that the reporting of goals and objectives provides a basis for assessing, (1) the degree of achievement of the intended results of public sector programs and services, and (2) whether the indicated purpose of a program or service is consistent with what users believe is important.

64. However, for public sector entities to be able to report on goals and objectives, it is necessary for them to have established goals and objectives either at the entity level or at the program and service level. Public sector entities that have not established formal goals and objectives may therefore be discouraged from reporting service performance information. If goals and objectives have been established by a public sector entity, these goals and objectives may not agree with those goals and objectives considered important by their users. Therefore the reporting of this information may not meet the needs of some users.

65. Staff believes that the first three types of information that meet the needs of identified users of service performance information discussed above are more useful when the link between the measures being reported, the programs and services being delivered, and the goals and objectives are explained. Goals and objectives set forth what the programs and services intend to accomplish, while the service performance information measures provide indicators of the degree of accomplishment of those goals and objectives.

Comparisons of targets to actual results

66. Comparisons of targets to actual results are also mentioned as being useful in the public sector service performance reporting environment. Developing sophisticated indicators, targets, and benchmarks helps governments at all levels better assess the degree of accomplishment of the entities' goals and objectives.

67. Comparisons of targets to actual results also are considered useful in the public sector service performance information reporting environment. Developing sophisticated indicators, targets, and benchmarks helps governments at all levels better assess the degree of accomplishment of the public sector entities goals and objectives. Service performance information measures, if presented alone, do not provide a basis or context for assessing service performance of programs and services. If the service performance information presented is comparable and includes comparisons of targets to actual results, then the information provides a frame of reference for users to assess service performance.

68. Further, the staff believes that time series comparisons provide users with information of value in assessing whether results are improving, deteriorating, or remaining the same over time. Time series comparisons also assist users in assessing the reasonableness of targets.

69. Although comparisons to targets set by the public sector entity provide a means of assessing whether the program or service is achieving the anticipated results, targets can be established that are too high or too low. Also, time series comparisons alone do not provide a basis for assessing whether the results are at an acceptable level. In these instances, users may be misled in their assessment of service performance and may therefore make inaccurate decisions of the public sector entities achievement of desired results.

Time-oriented information

70. Time-oriented information, which assists in evaluating the effectiveness of projects or programs has also been emphasized by some countries. This is especially important if policy-makers/government authorities wish to achieve certain goals within a limited amount of time.

71. Time-oriented service performance information is important to users who wish to make periodic assessments of the degree to which progress is being made in the achievement of certain goals and objectives. To assist in time-oriented assessments outcome measures may be divided into several types: (1) initial measures—measures of results that occur soon after a service is provided versus those that occur later, (2) intermediate measures—measures of results that indicate progress toward desired end results but are not themselves final outcomes, and (3) ultimate measures—measures of the level of achievement of desired end results. In many cases, it takes a public sector entity many years to achieve the desired final results. Therefore, providing service performance measures that indicate whether progress is being made towards the end result may assist users in assessing whether a program or service is likely to achieve that desired end result.

72.   However, reporting time-oriented measures may provide users with inaccurate information about the progress made on the achievement of desired end results. This also may lead users to form an inaccurate conclusion on whether the program or service is likely to achieve the final desired results. For example, an initial measure may not reflect positively that progress is being made to support achievement of the desired end result because of what it is measuring. However, as the program continues, intermediate measures may conversely indicate satisfactory progress because they are measuring something different.

Customer satisfaction and customer perceptions information

73.   "Customer satisfaction" and "customer perceptions" information is mentioned as being important for governments desiring to improve the quality of the programs and services that are most important to users. This type of information is usually supplemented with feedback mechanisms for public communication to service providers.

74.   Reporting of service performance information needs to include taxpayer and customer perceptions of the quality and satisfaction with the results of programs and services. This information is important for public sector entities desiring to improve the quality of the programs and services they provide. Providing this information assists in ensuring a more complete view of the results of programs and services and including results not reflected in public sector entities' other "objective" measures of outputs and outcomes. Measures of taxpayer and customer perceptions allow identification and evaluation of differences between the quantitative measures of achievement of results and the qualitative measures of how others perceive those results.

75.   However, the reporting of taxpayer and customer perceptions often are lagging measures because they are formulated based on information that is reported to them after the fact, which may provide an inaccurate picture of current performance. As well, the perceptions may be based on information that is not reliable because of its source. The reporting of taxpayer and customer perceptions may therefore lead to inaccurate assessments of program and service satisfaction levels, which in turn may lead to decisions being made based on inaccurate perceptions rather than actual results.

76.   The detailed research findings for the United Nations and each individual country, which provided a basis for the summary information are set out in Appendix 5 to this paper.

Other service performance information

77.   Although not identified during the research, staff believes that there are two more types of service performance information that users need: (1) information on the demand for services, and (2) information on factors that influence results.

78.   Services are provided to address the needs of users. These needs, when recognized and expressed by users, create a demand for a service. The level of resources committed to providing such a service may reflect what is required to

satisfy that need and to achieve the desired results. The level of service provided, however, may be more or less than necessary to satisfy the level of need for that service or achieve the results desired. In certain instances, information about the level of need or demand for a service may help users to understand the level of service performance achieved and whether the level of services provided meets the need for a particular level of service.

79. However, information on the demand for services is often not available and when available may not be reliable because taxpayers and customers may be expressing a need for a service without putting it into the context of all services being provided with available resources. Reporting on the demand for services may provide users with service performance information that distracts them from the actual results of programs and services.

80. Other than the program or service delivery itself, there may be external and internal factors that influence service performance. Including information about these factors may assist users in understanding how actual results may be affected by factors other than the service being provided. Providing service performance information on the factors that influence results may provide users with: (1) information that may assist them in understanding that results are affected by other factors as well as the services provided, (2) information that may assist them in determining whether a service needs to be modified to address certain factors that are not associated with the direct delivery of the service.

81. However, establishing linkages between factors that influence results and the delivery of services is very difficult. Therefore, it is challenging to use this information in assessing service results because of the lack of identifiable correlations and its use may lead to erroneous conclusions as a result.

Questions for the IPSASB

1. Do you agree with the type of service performance information identified to meet the needs of users?

2. Do you agree with the two proposed additional types of service performance information that staff identified - information on the demand for services and information on factors that influence results?

3. Are there other types of service performance information necessary to meet the needs of users?

Appendix 1: Countries reviewed for current practices[6]

Argentina
Australia
Brazil
Canada
Chile
China
France
Germany
India
Indonesia
Israel
Italy
Japan
Kenya
Korea
Mexico
Netherlands
New Zealand
Norway
Russia
South Africa
Spain
Switzerland
United Kingdom (U.K.)
United States of America (U.S.),
Uruguay

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[6]   Note that for Brazil, India and Russia information was not available to address the specific issues of this paper. Current practices for these countries has been included for issue 1 – the objective of reporting service performance.

Appendix 2: Detailed Research on Current Practices and the Objectives of Reporting Service Performance

Argentina

Argentina's public sector performance management and reporting systems (more formally known as Monitoring and Evaluation, or M&E systems). In fact, Argentina, Chile, and Uruguay all have functioning M&E systems, with Argentina and Chile utilizing more than one. Although, actual use of M&E produced performance information in all three countries is limited (as of 2005-2006 research), such use in decision-making and budget allocation is increasing, particularly in Chile.

Multiple M&E systems can be advantageous; however, the principle drawback to this approach is the added complexity that surrounds the performance management, measurement, budgeting, and reporting environments. For example, "In Argentina, the Monitoring and Evaluation (M&E) function is structured around three independent monitoring or evaluation systems, known as the National Budget Office's "Physical and Financial Monitoring System" (PFMS); the "System of Information, Monitoring and Evaluation of Social Programs" (SIEMPRO); and the "Results-Based Management System" (RBMS) monitoring scheme. Like Chile's two M&E systems, these three systems were established and are still run by different institutions, but they operate without coordination between each other."[7]

Not all M&E systems use both monitoring and evaluation. Argentina's SIEMPRO system uses both monitoring and evaluation activities; however, the PFMS and RBMS only encompass monitoring activities. "Monitoring consists of the periodic or continuous assessment of performance based on selected indicators. On the other hand, evaluation relies on a wider variety of methods to examine the evaluated programs or activities more closely, gain a better understanding of their nuances, and produce sounder assessments of their consequences."[8] Monitoring typically costs less and can measure the performance of programs on a frequent basis; however, its simplicity hinders it from distinguishing program effects from external factors. Evaluation usually costs more in both time and resources, but produces a richer analysis of the performance of programs and services, or the organizations providing them.

Each of the M&E systems' monitoring components use indicators to track progress on the achievement of targets. These indicators include physical and financial-based inputs, outputs, unit costs, coverage, and outcomes (although outcomes are used to a much lesser extent). From a broader perspective, these systems often differ in the level of performance they serve to assess through these indicators. Some systems monitor progress at a policy level, others at an agency/organizational level, and still others at a more narrowly-defined program/service level.

Argentina's PFMS system mandates the submission of agencies' and programs' proposals for indicators and targets as supplements to budget requests. Argentina's RBMS also requires information on the institutions' "missions, goals, strategic

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[7]   Zaltsman, Ariel. Evaluation Capacity Development. ECD Working Paper Series. Washington, D.C.: Independent Evaluation Group: The World Bank, May 2006.

[8]   IBID.

objectives, and operational plans." This reinforces the importance of not only the actual monitoring and evaluation components of the M&E systems, but also the bases on which such assessments will be made. After targets and indicators have been agreed upon, they are publicly communicated, usually through institutions' websites.

Different types of reports are used to communicate public sector service and program performance information based on the intended audience. In Argentina's PFMS, quarterly reports are prepared on each evaluated program and then delivered to the appropriate program managers, agencies, ministries, and other divisions of the Secretariat of Finance. Printed reports that provide compliance information regarding physical output targets also are generated and delivered. Information on compliance with financial targets is usually communicated via intranet, rather than the public domain. "In Argentina, the RBMS CCC program requires participating agencies to publicize their performance targets and assessments themselves, and it evaluates the agencies' efforts in this regard as part of its agency assessments."[9]

The main objectives for reporting public sector service performance information in Argentina include:

(a)   supporting policy and program design/fine-tuning (SIEMPRO),
(b)   informing budgetary authorities and assist with budget allocation (PFMS),
(c)   encouraging constant management improvement (PFMS), and
(d)   enhancing accountability and transparency of government officials and the general public (PFMS).[10]

Australia

Australia has been an early supporter of performance management, budgeting, and reporting. This is evidenced by the fact that the nation's Council on the Cost of Government (COCOG) developed a broad-policy approach to service efforts and accomplishments reporting in 1996 for the New South Wales (NSW) government. As such, NSW has been particularly strong in implementing performance reporting. Australia is considered to be one of the more advanced nations in initiating the use of outcome measures in the assessment and reporting of public sector service performance information.[11] The use of outcome measures assists in meeting the objectives of enhancing accountability, improving decision-making, and developing a long-term outlook on service performance.

Although the presentation of service performance information has been encouraged, it has not been strictly prescribed. Statement of Accounting Standards AAS 29 *Financial Reporting by Government Departments* (1993) encourages the publication of service performance information on major programs, but again, does not require the reporting of such information.

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[9]   IBID.

[10]   IBID.

[11]   Boyle, Richard. Performance Reporting: Insights from International Practice. Managing for Performance and Results Series. Dublin: IBM Center for The Business of Government, 2009.

The primary objectives of the Australian public sector program and the reporting of service performance information identified during the research include:

(a)   improving decision-making, program and service results, and accountability,

(b)   developing a longer-term view to the organization through assessing intellectual capital (knowledge-based capital like employee competencies, systems, processes and practices, etc),

(c)   reducing government debt or increasing surpluses by making budget cuts in areas of inefficiency,

(d)   promoting transparency in budget resource management,

(e)   reexamining of agencies' roles and functions, and

(f)   enhancing the breadth and relevance of performance indicators throughout agencies.

Brazil

Brazilian public sector performance reporting and performance measurement systems are still in their development stages. No information was found on specific standards or guidelines established by the Brazilian government for performance reporting. Research conducted on the Brazilian health sector, specifically in the areas of resource management and public spending, reinforces that "service and quality management is still in its infancy."[12] Even when traditional productivity and quality indicators are tracked, they are seldom used in the decision-making process. Furthermore, according to research conducted in 2008 by the Brazilian Administration Review, small, local municipalities have not made as much progress in service performance reporting or measurement. None have been found that apply the principles of the Balanced Scorecard in their performance management processes.[13] Nevertheless, the Brazilian government is making an effort to develop an M&E (Monitoring and Evaluation) system. Research conducted in 2006 by Ariel Zaltsman states, "The objective of this paper is to examine the ways in which a number of Latin American countries have organized their monitoring and evaluation (M&E) functions, with a view to drawing lessons for the further development of a national M&E system in Brazil."[14]

As mentioned previously, the research did not identify any objectives for the reporting of service performance information in Brazil.

Canada

In 2006, the Canadian Institute of Chartered Accountants (CICA) issued a statement of recommended practice (SORP-2) entitled, *Public Performance Reporting*. CICA's SORP-2 sets forth guidelines for local governments to use in externally reporting their service performance information to interested parties. The notions that service

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[12]   Couttolenc, Bernard, Gerard La Forgia and Yasuhiko Matsuda. "en breve." <u>Brazil: Raising the Quality of Public Spending and Resource Management in the Health Sector</u> September 2007: 1-4.

[13]   Gomes, Ricardo and Joyce Liddle. "The Balanced Scorecard as a Performance Management Tool for Third Sector Organisations: the Case of the Arthur Bernardes Foundation, Brazil." <u>Brazilian Administration Review</u> 17 March 2009: 354-366.

[14]   Zaltsman, Ariel. <u>Evaluation Capacity Development.</u> ECD Working Paper Series. Washington, D.C.: Independent Evaluation Group: The World Bank, May 2006.

performance information should explain, in a clear and concise manner, the extent to which goals and objectives are being achieved, along with the need for service performance information to be relevant, reliable, consistent, comparable, understandable, and focus on the few critical aspects of performance are examples of this.[15]

Canada has transitioned from an input-output focus in public sector service performance reporting to include outcome measures deemed relevant to achieving goals and objectives.   The focus on outcome measures also helps internal managers locate underperforming areas where improvements in service performance and decision-making can be made.

SORP-2 offers recommended guidance and therefore is not an authoritative standard. It is not prescriptive with respect to the structure of the report, and the SORP's format itself is not meant to serve as a template for public performance reports.

The main purpose of a Canadian public service performance report, that follows the guidelines included within SORP-2, is to explain in a clear and concise manner the extent to which intended goals and objectives were achieved and at what cost. The objectives of public sector reporting of service performance information in Canada include:

(a)   creating a comprehensive and reliable base of evaluation evidence that is used to support policy and program improvement, expenditure management, cabinet decision-making, and public reporting,

(b)   improving credibility, quality, and continuous organizational and managerial learning,

(c)   encouraging regional and local governments to gather relevant information on results (internal, service, and program) that is useful for departmental decision-making, and helps keep reporting balanced, transparent, and easy to understand,

(d)   assisting governmental agencies and departments identify strategic outcomes of an organization and the expected results and specific outputs to be produced by its programs, and

(e)   increasing value-for-money across relevant programs through the notion that management will be motivated to improve the cost-effectiveness of services they provide since their performance will be externally reported.

Chile

Chile has an established M&E systems with reporting components. "In Chile, the M&E functions are currently organized around two systems. One of them is known as the "Management Control System" (MCS), and the other as the "Governmental Programming Monitoring System" (SSPG). These two systems were created by, and remain under the jurisdiction of, different institutions. Nevertheless, their M&E activities appear to complement each other well."[16]

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[15]   Canadian Institute of Chartered Accountants. "SORP-2 Public Performance Reporting." Statements of Recommended Practice. CICA, September 2006.

[16]   Zaltsman, Ariel. Evaluation Capacity Development. ECD Working Paper Series. Washington, D.C.: Independent Evaluation Group: The World Bank, May 2006.

Chile's MCS M&E system, created between1995-2002, uses both monitoring and evaluation activities, much like Argentina's SIEMPRO system. As such, the processes of producing MCS reports for programs, services, and organizations is far more intricate than those of M&E systems with only monitoring components. Although the information assessment process is more in depth, the reports can be rather easy to understand. "Chile's MCS has concentrated much of its M&E information in its Comprehensive Management Reports (BGIs), which are more reader-friendly than the system's individual performance assessment reports. In addition, MCS attaches executive summaries to all its final evaluation reports."[17] It also is worth noting that, Chile's M&E systems are more geared toward assessing performance at the organizational level, as opposed to Argentina's systems which assess performance at the program/service level.

The main objectives for reporting public sector service performance information in Chile, identified during the research, for their SSPG system include:

(a)   informing national planning,
(b)   supporting policy and program design and fine-tuning, and
(c)   enhancing transparency and accountability.

The main objectives for reporting public sector service performance information in Chile, identified during the research, for their MCS system include:

(a)   supporting policy and program design and fine-tuning,
(b)   informing the budget allocation process,
(c)   encouraging constant management improvement, and
(d)   enhancing transparency and accountability.

China

China has implemented public sector performance measurement which seeks to improve local government service performance while maintaining control of the decision-making process at the central government level.

 "Documentary politics" drive the performance reporting system of China. "Documents conveying vital information at all levels function as the nerve system that links the decision-making body with the subordinate political bodies that conduct and direct daily activities."[18] Within this documentary system is a target-based responsibility system that the central government has mandated.

China's performance measurement system appears to be used primarily to ensure that local officials comply with higher-level policy priorities. Nevertheless, central documents (standards) allow for some flexibility; localities are permitted to make some variations in the national guidelines to fit local situations. Objectives of reporting service performance information in China identified during the research include:

(a)   strengthening the capacity to achieve policy implementation at the local level,
(b)   standardizing decision-making

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[17]   IBID.

[18]   Chan, Hon S. and Jie Gao. "Performance Measurement in Chinese Local Governments." Chinese Law and Government (2008): 4-9.

(c)   motivating lower-level managers to achieve established targets through the fact that results are publicized,

(d)   improving agency cost effectiveness, and

(e)   improving agency customer service.

France

France's central government does not provide as much prescriptive guidance for localities in public sector performance reporting. The state defines general regulations and procedures, but it does not prescribe the details on the reporting of service performance information. Local government officials are given this authority.[19] However, the central governments does not prescribe performance reporting.

Throughout the French public sector, Annual Performance Programs (PAPs), which relate to forecast reports, and Annual Performance Reports (RAPs), relating to programs implemented, are prepared to report program and service performance information for the central government budget.

Performance reliability is strengthened by the performance audit committee (CIAP). Members consist of internal auditors from line ministries and a chairman from the Ministry of Finance. The CIAP is responsible for overseeing and assessing the relevance and methodology of performance measures, providing quality control on performance reports (PAPs and RAPs) before such reports are presented to Parliament, and offering assistance to line ministries on technical difficulties relating to performance methodologies, data relevance, and information accuracy.[20] The Cour des comptes (the national audit office) carries out audits on the RAPs and reports its results and findings to Parliament and the government.

The main objectives for reporting public sector service performance information in France identified during the research include:

(a)   increasing program improvement at the national level and at the local level, particularly in the areas of road networks, water, and sanitation, and

(b)   increasing accountability to the community, service users, tax payers, citizens and their representatives in Parliament.

Germany

Based on research from 2005, Germany has implemented what has been referred to as the new public management (NPM) system. Local governments and their administrations appear to have been quicker to adopt and use performance measurement and management than higher levels of government. However, there is no obligation for local governments to develop strategic management systems.

Transparency and accountability to the public on how well a government's political goals have been fulfilled do not appear to be major objectives in Germany's performance

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[19]   Fouchet, Robert and Marcel Guenoun. "Performance management in intermunicipal authorities." International Journal of Public Sector Performance Management (2007): 62-82.

[20]   Bobay, Frédéric. "Performance Budgeting in France and Public Service Delivery." Conferencia Internacional México 2008. Ministry of Economy, France, 2008. 1-25.

reporting system at this time. Nevertheless, researcher Dorothea Greiling states that "using performance measurement [in Germany] as an instrument to achieve greater transparency for the citizens is absolutely necessary."[21]

The recent implementation of Germany's NPM reforms also brings to light the lack of outcome-oriented indicators and targets. However, the implementation of such outcome measures has been called for by various researchers and users of service performance information.

Municipals in Northrhine-Westfalia have to provide segment reporting. To ensure inter-municipal comparability, 17 different product areas are measured and reported. The segment report has to provide the output, objectives, and indicators for the product areas. These objectives and indicators provide specific structure to the municipalities as the basis of planning, management, and monitoring of the annual budget.

The main objectives of reporting public sector service performance information in Germany identified during the research include:

(a)   improving the quality of life on a local level through better local planning and the attainment of local-level strategic objectives,

(b)   allocating public funding on a more achievement-oriented basis,

(c)   motivating public sector employees, typically through results-based compensation, and

(d)   using performance measurement as an internal diagnosis system.

India

Information was found on India's initiative to institute "Citizen's Charters; however, little progress appears to have been made by the central government and local governments toward instituting a framework for service performance management, measurement, budgeting, or reporting based on the research conducted." These charters serve to empower citizens in the context of public service delivery.[22] Within the Citizen's Charter handbook, a section entitled "Monitoring and Reporting Performance" can be found. This section poses a series of questions to service providers establishing a Citizen's Charter related to monitoring and reporting of service performance. The questions relating to reporting are as follows:

(a)   "Does it say which aspects of the service's performance are monitored and the result reported? (for instance, how long it takes to process a claim, the quality of drinking water supplied);

(b)   Does it say why those aspects of the service's performance were chosen? (for example, this information has always been collected by us, or they are the only readily available measurable aspects of the service);

(c)   Does it say how and where the service will report its performance to the public (for example, in posters, at the office or the Press, Radio, TV etc.);

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[21]   Greiling, Dorothea. "Performance measurement in the public sector: the German experience." International Journal of Productivity and Performance Management (2005): 551-567.

[22]   Ministry of Personnel, Public Grievances and Pensions Dept. of Administrative Reforms and Public Grievances. Citizen's Charters. New Delhi: Government of India, n.d.

(d)   Does the Charter say whether performance is getting better or worse (for example, by comparing this year's performance with last year's);

(e)   Does the Charter set or promise to set specific standards for the level of service consumers can expect?

(f)   If so, how and why were these set? (for example, (a) are they new standards, based on the level of service consumers expect; (b) are they the same at last year's; or (c) are they based on last year's but with the standard raised?)

(g)   Does each standard or target apply to the individual user or consumer? (for example, a standard that is meaningful to an individual consumer might say that the service processes each individual claim within 21 days).

Despite the encouragement, implementation and communication of Citizen's Charters to citizens appear to have been minimal. Many of the charters that are created have either not been communicated to the public, or are inadequate in content. In one study, it was found that some charters were simply mission/vision statements, or "thin outlines of services provided."[23]

As mentioned previously, the research did not identify any objectives for the reporting of service performance information in India.

Indonesia

Indonesia is still working on establishing an effective performance measurement and reporting system. Some progress has been made; however, efforts to make Indonesian citizens aware of public sector performance information, along with helping them understand how to actually read an Indonesian government report still appear to be weak.[24] This could be due, in part, to the fact that Indonesia's performance measurement system relies on public auditors to report their audit findings to the central government or parliament. Currently, auditors are not allowed to publish these findings to the general public.

In Indonesia, local governments, specifically district governments and municipalities, are responsible for delivering services, provincial governments are responsible for defining minimum public service standards, and the Indonesian central government holds the power to define policies related to the provision of public services. The Indonesian central government has issued Government Regulation Number 8 Year 2006 on Financial and Performance Reporting on Government Institutions. This regulation simplifies public sector performance measurement into an output and outcome approach, but the outcome component is still in the development stage (from other research sources consulted). Annual performance reports are to include descriptions of activities, outputs, and performance indicators for programs,[25] and local government service providers must submit performance accountability reports to the president.[26]

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[23]   Public Affairs Centre, Bangalore. India's Citizen's Charters: A Decade of Experience. Report. Bangalore, 2007.

[24]   IBID.

[25]   IBID.

[26]   Asia-Pacific Economic Cooperation. "Indonesia: Development in Public Sector Governance." Economic Policy Report. 2007.

The research identified that the principle objective of local government agencies reporting service performance information in Indonesia is accountability to higher-level government authorities.

Israel

Few sources were found during the research that pertained directly to Israel's public sector performance reporting framework, specifically in regards to measures such as quantitative performance indicators. Overall, the reporting of service performance information throughout the Israeli public sector is largely undeveloped. Although information is reported to users, typically through entities' websites, there is little consistency across governments in what specific service performance information is reported and the methods and formats it is reported in.[27] Nevertheless, the Israeli government is seeking to enhance the transparency and accountability of its public sector managers, and service performance reporting is one way of achieving this objective. There is currently an effort underway to establish "advanced performance indicators for the executive branch of government in accordance with modern governance principles."[28]

The main objectives of reporting service performance information in Israel identified during the research include:

(a)   promoting and enhancing transparency and accountability, and

(b)   strengthening the public's trust in public administration and other governmental organizations.

Italy

Italian laws require that public service providers at varying local levels report service performance information, few government authorities overseeing their performance explicitly require the reporting of specific information. In an Italian public sector survey, 88 of 162 respondent municipalities (54.3 percent) reported to have a performance measurement system. However, only 12 municipalities (approximately 14 percent of those responding) have such systems to fulfill specific requirements by other governments.[29] Recently, the Italian public sector has started to emphasize the need to provide service performance information to its citizens, as well as obtain feedback from them.

Local governments in Italy must comply with state or regional regulations to document services provided at the local level, as they are often funded or regulated by higher authorities. This includes such services as public transportation, water, waste collection, social security services, and many others. Italy's national government, and in some cases

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[27]   Izkovich, Yossi. ‏ודנה‎: RE: ‏ודנה‎: IPSASB Project-Israel. Israel, 29 May 2010. (Email).

[28]   Israel Democracy Institute. Performance Measurement - The Israel Democracy Institute. 23 April 2010 <http://www.idi.org.il/sites/english/ResearchAndPrograms/PerformanceMesurement/Pages/Performan ceMeasurementLobby.aspx>.

[29]   Padovani, Emaunuele and Eric Scorsone. "Challenges in the Comparative Analysis of Local Government Bureaucracy and Performance Measurement: The Case of Italy and the United States." European Group of Public Administration Annual Conference. Madrid, 2007. 1-36.

regional governments, maintain some oversight authority through setting general rules and guidelines for the provision of public services, along with setting budget laws.

The main objective of Italian public sector service performance reporting is to provide public officials, auditors, and higher levels of government with accountability information. However, the extent to which such information is used varies. "Data shows that more than one half of municipalities which have implemented performance measurement systems where pushed by the generic requirement by law to provide performance indicators for management control system and accountability information. This depicts a very poorly defined performance regime as far as Italian municipalities are concerned."[30]

Japan

Japanese public sector performance reporting environment has been progressing from an internal management and government orientation, to a transparent public accountability system. In a 2001 case study by Christensen and Yoshimi, the Japanese prefecture of Hokkaido (one of Japan's 47 prefectures) was compared to the Australian state of New South Wales to analyze the two countries' public sector performance reporting environments, along with the speed at which each adopted modern performance reporting frameworks. The authors concluded that although Hokkaido (and Japan in general) has been slower in adopting rigorous standards and guidelines for public performance reporting, improvements have been made. The implementations of Time Assessment and Policy Assessment have helped the Japanese public sector become more accountable to its citizens while improving resource allocation and project prioritization.[31]

The Time Assessment program was launched in Hokkaido in 1997 to evaluate young projects where heavy amounts of resources were not already invested. If the project's projected effectiveness was too low, it was scrapped. This at least introduced a new level of accountability in Japanese project prioritization. This also helped pave the way for further progress in public sector accountability through the later implementation of "Policy Assessment."

Policy Assessment was adopted in Hokkaido after the prefecture's experience with Time Assessment. A commission was established (the Policy Assessment Commission), consisting of CPAs and academics charged with checking policy assessments. The policy assessments covered all expenditure programs of the Hokkaido government and some 192 related organizations accepting government funds. The first report assessed 2,816 projects, and a total of 182 projects were nominated to either "end, pause, or discontinue." However, from this research it appears that Japan's 2001 performance reporting policies primarily served to assess and improve project efficiency and effectiveness (or at least cut low-performing projects), as opposed to enhancing transparency of public program and service performance to the Japanese public. Service

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[30]   Padovani, Emaunuele and Eric Scorsone. "Challenges in the Comparative Analysis of Local Government Bureaucracy and Performance Measurement: The Case of Italy and the United States." European Group of Public Administration Annual Conference. Madrid, 2007. 1-36.

[31]   Christensen, Mark and Hiroshi Yoshimi. "A Two-Country Comparison of Public Sector Performance Reporting: The Tortoise and Hare?" Financial Accountability & Management (August 2001): 271-289.

performance information is used heavily throughout the Japanese public sector by elected assembly members and internal managers, but is not liberally distributed to citizens.

Information available for this research only included the prefecture of Hokkaido. This information indicated that accountability has become an objective of reporting service performance information in Hokkaido (information was not available to nationalize this for the country of Japan), but it appears to be mostly from a project efficiency and effectiveness standpoint (not a transparency-to-the-public standpoint).[32] This accountability plays a key role in the prioritization of projects. Other objectives of reporting service performance information identified during the research include:

(a)   revising policies, and

(b)   meeting the demands for a more responsive public sector from the main-stream media in Japan.

Kenya

In Kenya, a framework known as Performance Contracting has been instituted that has advanced the country forward in the public sector performance reporting environment. Performance Contracting has been defined by the Kenyan Performance Contracting Department as "a management tool for measuring performance against negotiated performance targets. It is a freely negotiated performance agreement between the Government, acting as the owner of a public agency, and the management of the agency. The Performance Contract specifies the mutual performance obligations, intentions and responsibilities of the two parties."[33] A report on Performance Contracting in the Kenyan public sector cites that "performance contracting is used as a management tool to help public sector executives and policy makers define responsibilities and expectations between the contracting parties to achieve common mutually agreed goals."[34] This notion of achieving agreed-upon goals is very important to Kenya's performance contracting framework.

Kenya's Performance Contracting system serves to enhance accountability of service providers to the public and government authorities, along with increasing the efficiency and effectiveness of high-priority programs and services. To achieve its objectives, the system requires agency assessments where output and outcome information is the focus. Public agencies are required to submit performance reports on a quarterly and annual basis, following specific structural formats. Although no information could be found on specific format requirements, it is cited that the reports are to include information on the achievement of government-agency agreed-upon goals and targets, along with indicators (output and outcome) for assessing whether targets (and ultimately goals) were achieved. Criteria for evaluating agencies also were cited. For targets that can be measured quantitatively, achievement is assessed on a percentage basis using actual-to-target data,

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[32]   IBID.

[33]   Office of the Prime Minister, Kenya. "Report on Evaluation of the Performance of Public Agencies for the Financial Year 2008/2009." Report. March 2010.

[34]   Kobia, Margaret and Nura Mohammed. "The Kenyan Experience with Performance Contracting." Towards an Effective Delivery of Public Services in Africa. Kenya: Kenya Institute of Administration, December 2006. 1-23.

along with prior year's achievement percentages. Prior year data is utilized to determine if improvements are being made. Composite scores are then calculated, and a corresponding grade-like "attribute" is assigned to the organization—excellent, very good, good, fair, or poor.[35]

The primary objectives of the Kenyan public sector performance contracting framework and the reporting of service performance information identified during the research include:

(a)   the efficient, effective, and ethical delivery of services to the public,
(b)   national management accountability,
(c)   minimizing waste in government spending,
(d)   focusing resources on high-priority national policies, and
(e)   aligning Strategic Plans, Annual Work Plans, and budgets of public sector agencies.

Korea

The Republic of Korea, specifically South Korea, has instituted outcome-oriented performance management, measurement, budgeting, and reporting in its public sector with a strong emphasis on effective allocation of budgetary resources. As of 2005, performance reports generally lack certain content elements, receive only mild support from high-level officials and line ministry managers, and are not available to the general public.[36] Despite these challenges, Korea has laid a foundation for instituting a well-functioning performance reporting system that goes beyond mere budget formulation and into service improvement and public accountability.

The performance management framework of Korea is founded on the U.S. federal government's Government Performance and Reporting Act. Korea's performance management system is headed by the Ministry of Planning and Budget (MPB) and mandates that line ministries set performance goals ((actually, strategic goals are usually set by the budget department),), targets, and indicators, prepare annual performance plans and reports, and submit these plans and reports to the MPB for assessment. In addition, the Government Operations Assessment System, directed by the Office for Government Policy Coordination (OGPC) assesses the performance of, and citizen satisfaction with, line ministries before they are reported to the President of Korea. Much of the service performance information collected by line ministries is to be linked with budgetary information for use by higher-level government officials in the resource allocation process.

The framework serves to foster a focus on results (outcomes). Unfortunately, this is often complicated by the fact that several policy-oriented ministries are subject to external factors. These external factors severely influence outcome measures, making the

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[35]   Office of the Prime Minister, Kenya. "Report on Evaluation of the Performance of Public Agencies for the Financial Year 2008/2009." Report. March 2010.

[36]   Yun, Heesuk. "Performance Management in Korea." Presentation. June 2005.

development of appropriate outcome measures challenging.[37]   In these instances, output measures are substituted.

The research identified that in Korea, service performance information is reported to the MPB and OGPC to accomplish the following objectives:

(a)   achieving effective allocation of budgetary resources, and
(b)   improving line ministry mangers' decision-making.

Mexico

Mexico has taken steps toward improving public sector performance management, budgeting, and reporting through considering the experiences of several international organizations, particularly the OECD. A "results-based budgeting initiative" has been introduced by the Mexican government. This approach is referred to as the Performance Evaluation System (or Sistema de Evaluación de Desempeño, SED).[38] This system was established to provide performance data on programs that receive government funding, specifically data from program evaluations, inputs, outputs, and effectiveness of public expenditures.   Annual reports issued to the Ministry of Finance and Ministry of Public Administration are open to the public, and are to be used by government officials and policy makers to aid decision-making.

A 2004 report on these efforts noted, "In Mexico, the efforts of previous administrations to introduce results and performance information as part of the budget process have not fulfilled their promise. Mexico's public administration is still characterized by features that impede the use of relevant, timely, and quality service performance information in managerial decision-making. Federal departments and agencies are mainly driven by processes, with few agreed standards that allow benchmarking of agency and program performance. A proliferation of reports, with fragmented and duplicated information, has produced a perverse outcome: information is devalued for decision-making. Finally, the budget process is still dominated by a strong formalism and is defined by rigidities that prevent policymakers from introducing substantial reallocations based on performance."[39]

The objectives of the SED in Mexico, identified during the research, include:

(a)   improving government decision-making, particularly in the budget area, through collection and evaluation of objective program performance information,
(b)   improving the quality of publicly provided services, and
(c)   enhancing transparency to the public by allowing public access to performance information.

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[37]   Kim, John M. and Nowook Park. "Performance Budgeting in Korea." <u>OECD Journal on Budgeting</u> (2007): 1-11.

[38]   Manning, Nick, Pedro Arizti and Roby Senderowitsch. "Institutionalizing Performance in the Public Sector in LAC: The Case of Mexico." <u>en breve</u> July 2008: 1-4.

[39]   Schofield, Adrian. "Blakey Briefs Mexican Govt. on FAA's Performance Measures." <u>Aviation Daily</u> 15 November 2004: 1.

Netherlands

In the Netherlands, the Committee for the Public Sector (CPS) of Royal NIVRA (NIVRA is the accounting standard-setting body for the Netherlands) initiated a project in 2006 entitled "Reporting and Assurance of Non-financial Information," which focuses on the reporting and auditing of non-financial information, including public sector service performance information.[40] Non-financial information can be reported with financial statements or in a separately attached report, or it can be reported using a stand-alone report.

The Dutch public sector started its service performance reporting framework by focusing on inputs and outputs. However, outcome indicators are now being reported as well. In contrast to other countries with a focus on decentralization, the Netherlands took a "top-down approach" to implementing this shift in the public sector performance reporting environment. Rather than local governments developing performance measurement methodologies, the Dutch government developed and mandated such frameworks throughout the country. However, the reporting of service performance information is only conducted by the central government. Since 2009, the government has been reporting to Parliament in May of each year about the progress on their achievement of seventy targets. This is done in the form of a letter from the Prime Minister with the achievement of targets represented in colors, from red (not achieved yet) to green (on schedule). This letter is not audited by the Dutch Court of Audit. Performance information also is included in the annual reports of each governmental department and reviewed by the Court. Service performance indicators are often used in grant programs, issued by the central or local governments.

The Dutch government also has made progress in expanding the use of input, output, and outcome data to link performance targets to expenditures. According to the OECD report, only 18% of countries, including the Netherlands and New Zealand, did this in 2004.

The following objectives of reporting service performance information, applicable to the Netherlands, are taken from the OECD's 2004 report, *Public Sector Modernisation: Governing for Performance*.[41]

(a)   Improving the efficiency of public sector service provisions,
(b)   providing direction for an organization and its internal managers at all levels,[42]
(c)   improving decision-making throughout the budget process,
(d)   enhancing accountability to users of non-financial information and making
        service performance results more transparent to users, and
(e)   increasing savings.

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[40]   NIVRA. Non-financial information in progress, A guide to the reporting and assurance of non-financial information in the public sector. Amsterdam: Royal NIVRA Amsterdam, 2008.

[41]   Organisation for Economic Co-operation and Development (OECD). "Public Sector Modernisation: Governing for Performance." Policy Brief. 2004.

[42]   IBID

New Zealand

New Zealand also has been an early supporter of performance management, budgeting, and reporting.   The appropriation system is integrated into the performance management system. Treasury and other departments are responsible for ensuring that they only incur costs on the specified outputs, and for their performance against those outputs against which they must provide audit-assured information. In 2002, the Institute of Chartered Accountants of New Zealand issued Technical Practice Aid (TPA) No. 9, *Service Performance Reporting*, to help local governments and the central government report service performance information. Minor amendments were made to TPA No. 9 in 2007 to keep it current. In many instances, government organizations throughout New Zealand are legally required to report service performance information on an annual basis, typically in the form of a statement of service performance (SSP).[43] Additionally, New Zealand is one of the few countries to audit non-financial performance information. This has been in practice throughout New Zealand since 1989.[44] However, the Auditor General stated in 2008 that, "Overall, the poor quality of non-financial performance reporting by public entities is disappointing. It needs to improve significantly to allow Parliament and the public to hold public entities accountable for their use of taxes and rates and for the effectiveness of their service delivery."[45]

The main objectives of reporting service performance information in New Zealand include:

(a)   strengthening the accountability for the delivery of outputs,
(b)   improving outcomes,
(c)   focusing on output information and how identified outputs contribute to the realization of desired outcomes,
(d)   assisting in allocating resources effectively across government institutions, and
(e)   providing managers with the ability to monitor and report on the delivery of outputs.

Norway

Norway has successfully implemented a public sector performance management system—Management-By-Objectives-And-Results (MBOR)—and contained within it is a strong performance reporting component. Various forms of the MBOR model have been around for approximately 20 years. The foundation of the model rests on the relationship between parent ministries and their corresponding agencies, namely in that parent ministries allocate resources and work with agencies to establish strategic goals and targets for their programs and services.[46] Although this appears control-oriented, the various sub-agencies have a considerable amount of autonomy in setting goals,

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[43]   New Zealand Institute of Chartered Accountants. "TPA-9: Service Performance Reporting." Technical Practice Aid. November 2007.

[44]   Pallot, June. "Reporting and Auditing Performance in the Public Sector." Australian Accounting Review 1-3.

[45]   http://www.oag.govt.nz/2008/performance-reporting/

[46]   Roness, Paul G. and Kristin Rubecksen. Performance Management in Practice - the Norwegian Way. Paper prepared for EGPA Conference. Bern: University of Bergen, September 2005.

objectives, and measuring the achievement of these in context to their individual operating environments.   The overarching ideas of MBOR are used consistently throughout the central government of Norway, but the actual application of MBOR varies across agencies. However, performance audits and the requirement that agencies produce annual reports help the Norwegian central government maintain some control over performance management.

Like most other developed countries' performance management and service performance reporting systems, Norway's MBOR model institutes the measuring of outcomes, as well as the traditional input, output, and activities information. Despite this, the reporting of outcome information was considered to be weak as of 2004 based on a research study that noted only 4 of 10 agencies reporting outcome performance indicators.[47]

Performance reporting in Norway's MBOR model relies heavily on information and communication technology (ICT), specifically ICT-based reporting systems. According to 2004 research, two-thirds of agencies reported the use of such ICT-based systems for documenting performance information and results. The vast majority of Norwegian agencies prepare annual reports to their respective parent ministries, and many even issue reports on a quarterly-basis. There are also reports for budget proposals. Annual reports are supplemented by meetings between agencies and their respective parent ministries, typically held two or three times each year.

Apart from the MBOR model, local governments (municipalities and counties) have been required since 2001 to annually report service performance information, combined with financial data, to Statistics Norway.   This system is known as KOSTRA (Local governments-State-Reporting), and makes statistical, financial, and service performance data available to the public and local authorities.[48] [49]   The primary focus is on local authorities and their ability to use this information for resource allocation decisions.

The primary objective for reporting public sector performance information in Norway, identified during the research, is to hold agencies accountable at the central government level, and to assist parent ministries in allocating resources to agencies. This is as it relates to the MBOR model. At the local government level, accountability to higher-level government and budgetary officials also is of prime importance. Nevertheless, the reports produced are made available to the public. Thus, to a lesser degree, accountability to the public is also an objective of local government reporting, which is covered under KOSTRA.

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[47] Johnsen, Åge. Determinants of non-mandatory performance measurement in Norwegian local government: A comparison of political, economic and sociological explanations. Paper prepared for EGPA Conference. Bern: Oslo University College, 2005.

[48] Ministry of Local Government and Regional Development. KOSTRA - regjeringen.no. 15 May 2010 <http://www.regjeringen.no/en/dep/krd/Subjects/kommuneokonomi/kostra-municipality--state-reporting.html?id=1233>.

[49] Statistics Norway. KOSTRA. 15 March 2010. 15 May 2010 <http://www.ssb.no/english/subjects/00/00/20/kostra_en/>.

Russia

Russia recently has laid the groundwork for a substantial administrative reform. Thus, progress in developing public sector performance management, measurement, budgeting, and especially reporting systems is yet to be realized. Nonetheless, plans for developing government performance systems are in the works.

As mentioned previously, the research did not identify any objectives for the reporting of service performance information in Russia.

South Africa

The Republic of South Africa has a comprehensive performance measurement and reporting framework in place for the public sector. Program performance information is one of three components within a broader "Government-wide Monitoring and Evaluation System," the other two components are social, economic, and demographic statistics, and evaluations. Reports (essentially a compilation of different accountability documents) are required at regular intervals, and are to be made available to Parliament, provincial legislatures, municipal councils, departmental/institutional managers, and the general public.[50]

The key objectives of the South African public sector performance measurement and reporting system identified during the research include:

(a) promoting accountability and transparency by providing Parliament, provincial legislatures, municipal councils and the public with timely, accessible and accurate performance information,

(b) providing private individuals, and the public access to performance information for use in decision-making,

(c) enabling researchers to access and use performance information, and

(d) motivating institution managers to effectively and efficiently carry out programs and services successfully.

Spain

Spain is relatively new to the reporting of service performance information arena. Since 2006 local governments (specifically, those with 50,000 residents or more) have been required to report service performance indicators, along with traditional financial and budgetary indicators, in their annual reports.[51] While financial and budgetary indicators are typically disclosed, performance indicators are often omitted. Indicators required relate only to inputs, outputs, and basic effectiveness factors. Many comptrollers of local governments have cited the lack of a cost accounting system as a reason for failing to disclose service performance indicators.

The service performance information is primarily communicated to budgetary authorities and other higher levels of government through standard annual reports. Nevertheless, the

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[50] National Treasury of the Republic of South Africa. Framework for Managing Programme Performance Information. Framework. Pretoria: National Treasury of the Republic of South Africa, May 2007.

[51] Marti, Caridad, Sonia Royo and Basilio Acerete. "Disclosure of Indicators in the Annual Accounts of Spanish Municipalities." 2009.

call to report public sector service performance indicators has been issued. "As regards the group of service performance indicators (SPI), the Spanish APLG indicates that 'Performance indicators will allow the evaluation of the economy, effectiveness and efficiency in the delivery of, at least, those services funded with fees. They could be expressed in monetary or physical units and could refer to total or partial analyses per service. By way of guidance some generic performance indicators are provided'. Seven performance indicators are suggested, but local governments can choose whether to provide these indicators or others."[52]

The research identified that the key objectives of service performance reporting in Spain center around accountability to budgetary and higher-level government authorities.

Switzerland

Switzerland has been an advocate for New Public Management (NPM) reforms, and thus began implementing them, since the early 1990s. Switzerland has focused its public sector performance measurements on outcomes instead of only inputs and outputs of public services. This is in line with NPM practices, which place emphasis on establishing clear goals and objectives, focusing on results instead of processes, and considering the efficiency of services provided. Following these criteria helps enhance decision-making and effectiveness.[53] However, in practice, public sector entities are reporting output rather than outcome indicators. This is still perceived as a success within the country, as it demonstrates the shift away from inputs, which were predominantly used prior to the NPM reforms.

The forms of performance reports vary, but reports that are integrated into annual financial documents or main budget documents of ministry-specific reports are most common.

The key objectives of the Swiss public sector performance reporting system identified during the research include:

(a) creating and maintaining effective and efficient government,
(b) improving political and managerial decision-making (improved quality of decisions),
(c) setting high-priority goals and objectives,
(d) increasing accountability for managers,
(e) encouraging the assessment and, when necessary, revisions of budget allocations, and
(f) evaluating, controlling, budgeting, motivating, promoting, learning, and improving.

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[52] Kim, John M. and Nowook Park. "Performance Budgeting in Korea." <u>OECD Journal on Budgeting</u> (2007): 1-11.

[53] Brun, Mathias E. and John Philipp Siegel. "What does appropriate performance reporting for political decision makers require? Empirical evidence from Switzerland." <u>International Journal of Productivity and Performance Management</u> (2006): 480-497.

United Kingdom (U.K.)

The United Kingdom focuses on outcomes in performance measurement, as opposed to just outputs and inputs of activities and departments. This is evidenced by an increase in the percentage of U.K. Public Service Agreement targets that address outcomes from 15% in 1999-2002 to 68% in 2001-2004.[54] Additionally, identifying and analyzing the linkages between outcomes and outputs, inputs, and objectives is strongly emphasized in U.K. public sector service performance reporting.

At the local government level, in April of 2009 six of England's inspectorates, particularly the Audit Commission, demonstrated commitment to public sector service performance reporting by establishing a framework referred to as the Comprehensive Area Assessment (CAA). The CAA has been established for instituting independent service assessment at local levels across England, particularly in the areas of health, housing, public safety, and fire/rescue services, and serves to evaluate organizations and areas based on a set of outcome-oriented measures, the National Indicator Set, mandated by the central government. In addition to these nationally mandated measures, some localities even go so far as to include their own, area-specific indicators for improving service provision.[55]

The major objectives of reporting public service performance information in the U.K. identified during the research include:

(a)   promoting the accountability of public resources,
(b)   equiping managers and staff within the public sector to drive improvement innovation, enterprise and adaptation,
(c)   empowering citizens to participate in government,
(d)   encouraging service providers to constantly improve their programs and activities,
(e)   monitoring targets, and accordingly, whether or not objectives are achieved, and
(f)   sharing best practices in selecting, monitoring, achieving, and reporting targets across departments.

Performance reporting in the U.K. is also beneficial to and used by the governments and department mangers. Good service performance information can help departments: (1) develop policy, (2) manage their resources cost-effectively, (3) improve departmental and program effectiveness, and (4) better report their performance to Parliament and the general public.

United Nations (UN)

The United Nations has been involved in results-based management, program evaluation, and reporting for at least 15 years. Several reports are available that comment on the results of various programs and how the UN's results-based management system is working. Furthermore, the Handbook issued by the United Nations Development Programme (UNDP) in 2009, *The Handbook on Planning, Monitoring, and Evaluating*

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[54]   Bourn, John and National Audit Office. Measuring the Performance of Government Departments. Comptroller and Auditor General's Report. London: National Audit Office, U.K., March 2001.

[55] U.K. Audit Commission. Local Government - Audit Commission. 2010. 12 May 2010
        <http://www.audit-commission.gov.uk/localgov/Pages/default.aspx>

for Development Results appears to bring together most of the themes present in other UN reports on results-based management. The handbook is built upon the foundation of other previous reports including *Handbook of Monitoring and Evaluating for Results,* 2002, *Standards for Evaluation in the UN System* 2005, *Programme and Operations Policies and Procedures* 2008, and *The Evaluation Policy of the UNDP* 2006. The primary focus of the current handbook is on results-based management and evaluation. However, it does include information about: (1) the need to report the findings of evaluations, and (2) the need to monitor efforts for stakeholders.

The research identified that the Handbook sets forth the objectives of monitoring and evaluating information, which include:

(a) informing ongoing and future planning and programming, including involvement of key partner and stakeholders to review and share evaluative knowledge in a systematic and substantive manner,

(b) formulating new programme documents,

(c) contributing to a better understanding of development effectiveness in the development community beyond the UNDP, and

(d) sharing and making available to potential users (should be a thorough analysis of who the potential users are, what they do, what their information needs are, and knowledge products most suitable to achieve the objective of sharing knowledge) so they can assess results and evaluate accountability.

Also discussed as purposes of monitoring and evaluation are

(a) Project Evaluation—to compare projects to improvement implementations, to re-direct future projects in the same area, or to allow for upscaling of a project.

(b) Outcome Evaluation—to enhance development effectiveness, to assist decision-making, to assist policy making, to re-direct future UNDP assistance, or to systematize innovative approaches to sustainable human development.

United States

In the United States, at the federal level, major agencies are required to issue performance reports and performance plans to the Office of Management and Budget (OMB), as well as to Congress. The *Government Performance Results Act of 1993* is an example of U.S. legislation requiring federal agency performance reporting.[56] At the state and local levels, nonfinancial service performance reporting is not required. However, the GASB's "Suggested Guidelines for Voluntary Reporting, *SEA Performance Information*" provides voluntary guidance on performance reporting for these governments.

At the federal agency level, financial and nonfinancial service performance information is reported in Performance and Accountability Reports (PARs), as well as Annual Performance Reports (APRs).[57] Although these reports are required by most federal agencies, the 1993 Act exempts certain agencies with annual expenditures of $20,000,000

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[56] U.S. Office of Mangement and Budget. Government Performance Results Act of 1993. Act of the United States Congress. Washington, D.C.: Congress of the United States of America, 1993.

[57] Gerli, Merete F. Federal Agency Performance and Accountability Reports (PARs): Content and Access. CRS Report for Congress. Washington, D.C.: Congressional Research Service, 2007.

or less from having to prepare a strategic plan or program performance report as specified in sections 1115 and 1116 of the Act.

There is strong emphasis on measuring and reporting outcome information throughout U.S. public sector performance reporting (and auditing) standards and guidance. In addition, there is a focus on linking goals and objectives to measures, targets, and outcomes. These principles help achieve two key objectives cited throughout U.S. government service and program performance reporting literature—to improve the delivery of services and programs to the public, and to enhance the accountability of the U.S. federal government.

The objectives of reporting program and service performance information, cited by the OMB in the Government Performance Results Act of 1993 include:

(a)   improving the American people's confidence in the Federal government through holding agencies accountable for the results of their programs and activities,

(b)   initiating performance reform throughout programs, particularly in the areas of goal setting, measuring performance against goals, and public reporting of results,

(c)   enhancing the effectiveness and accountability of federal programs through emphasizing "results, service quality, and customer satisfaction,"

(d)   encouraging the improvement of service delivery through requiring managers to develop plans for achieving program objectives while providing information on results and service quality,

(e)   improving congressional decision-making, and

(f)   improving the federal government's internal management.

The objectives of reporting service efforts and accomplishments (SEA) performance information in the GASB suggested guidelines at the state and local level include:

(a)   assisting users in assessing governmental accountability and making economic, social, and political decisions, and

(b)   assisting governments in demonstrating their accountability and stewardship over public resources.

Uruguay

In 1995, the government of Uruguay created and implemented a Results-Based Management Evaluation System (SEV) that focused on "improving the budget allocation process and modernizing the state's management practices." According to the World Bank's 2006 working paper by Ariel Zaltsman, Uruguay's M&E system was formed to do exactly what its names implies—to monitor, or monitor and evaluate, the service performance and management of the public sector. As mentioned previously in the discussions of Argentina and Chile, monitoring consists of the periodic or continuous assessment of performance based on indicators. Evaluation relies on a wider variety of methods to "examine the evaluated programs or activities more closely, gain a better understanding of their nuances, and produce sounder assessments of their consequences."

Uruguay's M&E system currently employs only indicator-based monitoring and focuses primarily on performance at the organizational level.[58]

In 1995, an issue arose in Uruguay's SEV involving incentives for achieving targets. The Uruguayan government publicized that it would provide financial incentives to public sector managers for "good institutional performance," and that these incentives would be implemented through the 2000-2004 Budget Law. The promised rewards were not provided due to fiscal limitations and poor political support.

The main objectives of reporting service performance information within Uruguay's system (SEV) identified during the research include:

(a)   budgeting allocations,
(b)   inducing management improvement,
(c)   increasing transparency and accountability, and
(d)   increasing indicator-based monitoring at the organizational level.

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[58]   Zaltsman, Ariel. Evaluation Capacity Development. ECD Working Paper Series. Washington, D.C.: Independent Evaluation Group: The World Bank, May 2006.

Appendix 3: Detailed Research on the Users of Service Performance Information

Argentina

The primary user groups of public sector service performance information in Argentina identified during the research include:

(a)   budgetary authorities,

(b)   the National Council for the Coordination of Social Policies, head of all poverty reduction ministries, that evaluate Argentina's SIEMPRO reports, and

(c)   the central government, specifically those with inter-ministerial coordination purposes. Specifically, this includes the Chief of the Cabinet Office, who "the system coordinating units" within Argentina's RBMS report to.[59]

Australia

The following users of service performance information throughout the Australia public sector, particularly throughout the NSW region, have been identified during the research:

(a)   the Parliament, Senate, House of Representatives, and various governmental committees,

(b)   the Auditor-General,

(c)   the Commonwealth Ombudsman, who has the authority and duty to investigate complaints,[60]

(d)   citizens, particularly users of public sector-provided programs and services, and

(e)   internal managers (public sector managers, often those responsible, to some degree, for providing services to the public).[61]

Canada

The primary users of public performance reports in Canada, identified during the research, are elected officials and the public they represent. Their perspectives are important in considering what to report and how to report it. Other external users of public performance reports include:

(a)   parties or groups to which the entity has made a commitment, for example, partners in a joint initiatives,

(b)   key intermediaries such as advocacy groups and the media who play an important role in the public policy, communications and accountability processes, and

(c)   internal users within the entity, such as public sector managers and their staff responsible for planning, operations, and decision-making are also important users of service performance information.

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[59]   Zaltsman, Ariel. Evaluation Capacity Development. ECD Working Paper Series. Washington, D.C.: Independent Evaluation Group: The World Bank, May 2006.

[60]   Australian National Audit Office/CPA Australia. "Monitoring and Reporting Financial and Non-financial Performance of Australian Government Organisations." Issue Paper Series No. 5. February 2008.

[61]   Lee, Janet and Gregory Fisher. "The Perceived Usefulness and Use of Performance Information in the Australian Public Sector." Accounting, Accountability & Performance 2007: 42-73.

Chile

The primary user groups of public sector service performance information in Chile identified during the research include:

(a)   congress, who review reported performance information for performance-based budgeting purposes,

(b)   the President and ministry, who receive quarterly and annual reports containing information on the entire government's performance produced by Chile's SSPG,

(c)   ministry and agency heads, who receive agency-specific reports(A summarized version of all this information is disseminated through the MCS's Comprehensive Management Reports),

(d)   budgetary authorities in the Ministry of Finance, specifically those in the National Budget Bureau, and

(e)   the Ministry General Secretariat of the Presidency since this ministry established the SSPG system, and one of the SSPG's objectives is informing national planners.

China

The three main user groups of Chinese public sector service performance information identified during the research include:

(a)   higher-level political officials,

(b)   citizens, and

(c)   internal, lower-level managers.

France

The primary user groups of public sector service performance information in France identified during the research include:[62]

(a)   taxpayer-users of services provided by National and local authorities,

(b)   top managers of National and local governments,

(c)   parliament, and

(d)   the National and regional Audit Offices.

Germany

The main user groups of German public sector service performance information identified during the research include:

(a)   legislative bodies,

(b)   public audit offices, and

(c)   the interested public.

Internal managers can also make use of the service performance information but in Germnay, external accounting is not aimed at internal users.

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[62]   Bobay, Frédéric. "Performance Budgeting in France and Public Service Delivery." Conferencia Internacional México 2008. Ministry of Economy, France, 2008. 1-25.

Indonesia

The main users of public sector service performance information in Indonesia, identified during the research, are higher level government officials (the president, parliamentarians, etc). Auditors, who report such information to these officials, were also identified as users.

Israel

The main users of Israeli public sector service performance information identified during the research include:

(a)   citizens and users of services provided by the public sector when performance information is made publicly available (such as through government websites), and

(b)   to a lesser extent, the Israeli government and governing authorities, administration, and internal management.[63]

Italy

The primary users of Italian public sector service performance information identified during the research include:

(a)   higher levels of government, particularly the central government,

(b)   public officials such as city managers, controllers, and chief financial officers,

(c)   auditors, specifically the National Auditing Office),

(d)   the media who publishes tables of statistics on government performance in newspapers and other media channels, and

(e)   Italian citizens also have been emphasized as important users and feedback providers of service performance information.[64]

Japan

The primary users of Japanese public sector service performance information identified during the research include:

(a)   elected officials (assembly members) for efficiency and effectiveness assessments, and

(b)   residents of prefectures or cities, but to a much lesser extent.

Kenya

The primary user groups of Kenyan public sector service performance information identified during the research include:

(a)   higher-level government officials, particularly those in charge of evaluating agencies' achievement of service provision goals and targets, and

(b)   users of public services.

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[63]   Vigoda, Eran and Fany Yuval. The Performance of the Israeli Public Sector: A Citizens Survey and National Assessment. Working Paper II. Israel: University of Haifa, December 2002.

[64]   Ehn, Peter, et al. Taking the Pulse of European Public Administrations: Key Findings of the European Public Sector Award 2009. Maastricht: European Institute of Public Administration, 2009.

Korea

The primary users of Korean public sector service performance information identified during the research include:

(a)   the Ministry of Planning and Budget (MPB),

(b)   the Office for Government Policy Coordination (OGPC),

(c)   the President and his office,

(d)   other budgetary officials, and

(e)   other political officials.

Mexico

The research identified the following groups as the primary users of service performance information in Mexico's SED:

(a)   officials in the Ministry of Finance and Ministry of Public Administration,

(b)   members of the legislature and the President's office, and

(c)   members of the general Mexican public.

Netherlands

The following groups, identified during the research, use Dutch public sector service performance information for varying reasons:

(a)   the Court of Audit, along with external and internal auditors of the organization,

(b)   government officials, particularly those in Parliament,

(c)   managers at all levels of the organization,

(d)   users of public sector non-financial information (whether combined with financial information or not), and

(e)   the public.[65]

New Zealand

The primary users of New Zealand public sector service performance information identified during the research include:

(a)   the public, taxpayers, residents, and users of services, or any combination of these groups, as they often overlap,

(b)   purchasers (entities or individuals who are "contracting with the delivery entity for the outputs they wish to purchase"),

(c)   government officials and authorities assessing local government performance and compliance with standards, and

(d)   internal management. TPA-9 identifies the following audiences as appliers of this standard:[66]

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[65]   Perrin, Burt. "Moving from Outputs to Outcomes: Practical Advice from Governments Around the World." Managing for Performance and Results Series. January 2006.

[66]   New Zealand Institute of Chartered Accountants. "TPA-9: Service Performance Reporting." Technical Practice Aid. November 2007.

(i)   "Finance and accounting managers and staff who co-ordinate planning, budgeting, and reporting within local and central government organizations,"

(ii)   "Managers and staff responsible for planning, undertaking, measuring, and monitoring their organization's service performance," and

(iii)   "Anyone interested in improving service performance and strengthening accountability."

Norway

The primary users of Norway public sector service performance information identified during the research include:

(a)   parent ministries of central government agencies,

(b)   government and budgetary authorities over local governments,

(c)   auditors, particularly those of local government performance information,[67] and

(d)   the general public.

South Africa

The primary users of South African public sector service performance information identified during the research include:

(a)   Parliament,

(b)   the President's Office and Premiers' Office,

(c)   the National Treasury, along with provincial treasuries,

(d)   other national departments responsible for concurrent function (such as the Department of Health),

(e)   the Department of Public Service Administration,

(f)   the Department of Provincial and Local Government,

(g)   various provincial governments (such as provincial treasuries),

(h)   local government councils and entities,

(i)   various constitutional institutions (such as the South African Human Rights Commission and Auditor-General), and

(j)   members of the general public.

Spain

Although the research did not reveal specific information on the primary users of service performance information in Spain, it can be inferred that budgetary authorities and higher-level government officials are the main users of service performance information. It is cited, however, that the general public is currently *not* a user of service performance information.

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[67]   Johnsen, Åge. "Performance auditing in local government: an exploratory study of perceived efficiency of municipal value for money auditing in Finland and Norway." The European Accounting Review 2001: 583-599.

Switzerland

The primary users of service performance information in Switzerland identified during the research include:

(a) federal and cantonal parliamentarians are the primary users of service performance information with all 26 cantonals having implemented such systems, along with parliament's audit function,
(b) Non-parliament members of government,
(c) the public,[68] and
(d) indirect recipients like the media, political parties, lobbies, and citizens.

United Kingdom

The following individuals and organizations, identified during the research, are the primary users of public sector service performance information within the United Kingdom:

(a) members of Parliament,
(b) the general public,
(c) all stakeholders in the service delivery chain,[69]
(d) partners in delivering outcomes, and
(e) the Treasury, which monitors departments' performance, comparing their achieved results to established targets. The Treasury provides quarterly reports to the Ministerial Committee on Public Services and Expenditure, and the Committee examines the progress that individual Departments make in meeting their targets.

United Nations

The research identified the following potential users of monitoring and evaluation results indirectly in the Handbook within the Introduction section:

(a) UNDP staff in country offices, regional bureaus, regional centers, Bureau for Development Policy (BDP), Bureau for Crisis Prevention and Recovery (BCPR), Partnership Bureau, and other units that manage programs,
(b) UNDP managers who oversee and assure the quality of planning, monitoring and evaluation processes and products, and use monitoring and evaluation for decision-making,
(c) stakeholders and partners, such as governments, United Nations and development partners, and beneficiaries, who are involved in UNDP planning, monitoring and evaluation processes,
(d) the UNDP Executive Board, which oversees and supports the activities of UNDP, ensuring that the organization remains responsive to the evolving needs of program countries,

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[68] Brun, Mathias E. and John Philipp Siegel. "What does appropriate performance reporting for political decision makers require? Empirical evidence from Switzerland." International Journal of Productivity and Performance Management (2006): 480-497.

[69] Bourn, John and National Audit Office. Measuring the Performance of Government Departments. Comptroller and Auditor General's Report. London: National Audit Office, U.K., March 2001.

(e)   independent evaluators who need to understand guiding principles, standards and processes for evaluation within the UNDP context, and

(f)   members of the national, regional and global development and evaluation community.

The Handbook also identifies target audiences and says that "some of the commonly identified key target audiences for evaluation reports include the following:

(a)   UNDP colleagues in country offices and other units,

(b)   government counterparts who may or may not be directly involved in the project under evaluation but can facilitate the policy changes recommended by the evaluation or otherwise aid in the country-level advocacy of UNDP,

(c)   development partners, other UN organizations, NGOs, and academic and research institutions, and

(d)   other networks of evaluators (for example, a national evaluation association)."

United States

The primary users of service performance information in the United States identified during the research include:

(a)   the American public,

(b)   the congressional OMB, specifically the Director of the OMB,

(c)   congress and various legislative committees (for example, the House Committee on Government Reform, Senate Committee on Homeland Security and Government Affairs, etc), and

(d)   the President and executive branch (for example, the Cabinet).[70]

The primary users of serviced performance information in the United States at the state and local government level include:

(a)   the citizenry,

(b)   legislative and oversight bodies, and

(c)   investors and creditors.

Uruguay

The primary users of service performance information in Uruguay identified during the research include:

(a)   executive branch institutions that are directly responsible for, or at least play an important role in, the budget formulation process and in making policy decisions,

(b)   Uruguay's General Accounting Office (an executive branch institution), when formulating the national budget, and

(c)   the Office of Planning and Budgeting (another executive branch institution), in preparing the national budget.[71]

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[70]   Gerli, Merete F. <u>Federal Agency Performance and Accountability Reports (PARs): Content and Access.</u> CRS Report for Congress. Washington, D.C.: Congressional Research Service, 2007.

[71]   Zaltsman, Ariel. <u>Evaluation Capacity Development.</u> ECD Working Paper Series. Washington, D.C.: Independent Evaluation Group: The World Bank, May 2006.

Appendix 4: Detailed Research on Users' Needs of Service Performance Information

Argentina

The needs of the identified users of service performance information in Argentina, identified during the research, include:

(a) Government officials— need performance information to make decisions, particularly in budget allocation.

(b) The general public— need performance information on programs and services to ensure that managers are making appropriate, efficient, and effective use of their funds.

Australia

The needs of the identified users of service performance information in Australia, identified during the research, include:

(a) High-level government officials and auditors—need to be able to assess agencies' performance in the context of pre-established missions, goals, and objectives. Goals and objectives themselves are also evaluated for relevance to public policies set at the national level.

(b) Australian public sector managers—need service performance information for decision-making (internal assessments and performance tracking) and the establishment of a long-term outlook on service performance.[72]

(c) Members of the general public, particularly users of services—need to be able to assess the value they are receiving for their tax dollars and program/service fees.

Canada

Users of service performance information in Canada, identified during the research, mentioned costs for programs and services provided as information necessary to better assess the cost-efficiency and cost-effectiveness of those programs and services. "Previously, entities focused their attention mainly on inputs and activities. The primary concern was what resources were being used and how they were being used. These matters continue to be important. However, there is now an increased focus on what is actually being achieved with the resources consumed, in relation to what was planned."[73]

Managers specifically need service performance information on the achievement of goals and objectives to determine if those goals and objectives were met, and if not met, the potential reasons as to why. This information assists managers in making improvements in underperforming areas.

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[72] Lee, Janet and Gregory Fisher. "The Perceived Usefulness and Use of Performance Information in the Australian Public Sector." Accounting, Accountability & Performance 2007: 42-73.

[73] Canadian Institute of Chartered Accountants. "SORP-2 Public Performance Reporting." Statements of Recommended Practice. CICA, September 2006.

Chile

The needs of the identified users of service performance information in Chile, like Argentina, identified during the research, include:

(a)   Government officials—need performance information to make decisions, particularly in budget allocation.

(b)   The general public—need performance information on programs and services to ensure that managers are making appropriate, efficient, and effective use of their funds.

China

The needs of the identified users of service performance information in China, identified during the research, include:

(a)   Higher level political officials—require "evidence" of what each public sector manager has done to influence performance improvement or achieve targets.

(b)   Higher-level political officials and internal agency managers—need to be able to locate specific areas that need improvement.

France

The new system of decentralization appears to have improved service quality, but also appears to have led to higher costs. Thus, taxpayer-users are now seeking indicators pertaining to the evolution of costs of services.

Community members' expressed a need to provide feedback to departments on services they receive. Thus, satisfaction surveys have been issued and used to generate new policies and build a closer relationship with service users.

Higher tier government authorities and local government managers need service performance information to pinpoint sub-performing service areas and suggest improvements at the local or policy-making levels.

Germany

The need of the identified users of service performance information in Germany, identified during the research, include:

(a)   comparative information on the effectiveness and efficiency of public spending.

Indonesia

The research did not identify the needs of the identified users of service performance information in Indonesia.

Israel

The research identified that service performance information on the quality and accessibility of public services is needed by Israeli users.[74]

Italy

The research identified that public officials, higher levels of government, and auditors in Italy require service performance information that depicts the efficiency and effectiveness of programs and services. This information assists users to hold local governments accountable for the services they provide. Specifically, public officials assess service performance information in the following sectors, since they are often provided or contracted out by local governments, but funded by or under the regulation of higher government authorities: (1) social security services, (2) nursery schools, (3) water and wastewater, (4) public transportation, (5) public buildings, and (6) waste collection and disposal (this is perhaps the most prominent sector for requiring service performance information across Italian local governments).

Japan

The research on the Prefecture of Hokaido identified that elected assembly members and others assessing government program and service performance in Japan require information on the efficiency and effectiveness of such programs and services to prioritize public projects and allocate resources. The assembly members also require information on the current financial status of the prefecture or city—financial input and output measures. [75]

Kenya

The needs of the identified users of service performance information in Kenya, identified during the research, include:

(a)   Higher-level government officials and users of public services—need
        performance information to assess levels of achievement on agreed-upon
        performance targets (between the agency and higher-level government).
(b)   The Performance Contracting Department of Kenya has cited the need to develop
        performance indexes for benchmarking purposes across various sectors (for the
        future).

Korea

The needs of the identified users of service performance information in Korea, identified during the research, include:

(a)   The MPB and OGPC— need performance information for budget allocation
        decisions.

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[74]   Israel Democracy Institute. Performance Measurement - The Israel Democracy Institute. 23 April 2010
       <http://www.idi.org.il/sites/english/ResearchAndPrograms/PerformanceMesurement/Pages/Performan
       ceMeasurementLobby.aspx>.

[75]   Christensen, Mark and Hiroshi Yoshimi. "A Two-Country Comparison of Public Sector Performance
       Reporting: The Tortoise and Hare?" Financial Accountability & Management (August 2001): 271-289.

(b)   Internal managers— need performance information to assess their achievement of goals, and what areas need improvement.

Mexico

The needs of the identified users of service performance information in Mexico, identified during the research, include:

(a)   Officials in the Ministry of Finance, Ministry of Public Administration, legislature, and President's office—need service performance information to make budgetary decisions and evaluate the effectiveness of agency/department programs and services.

(b)   Members of the general public—need service performance information for accountability purposes—to ensure their government is providing programs and services in exchange for their tax dollars.

Netherlands

The research identified that users in the Netherlands use service performance information to be able to assess how effectively and efficiently the public sector is providing services at all levels.

(a)   Politicians and government officials—service performance information is needed to assist them in determining whether goals and objectives are being achieved, and whether policy decisions made at the relevant level are contributing to or hindering this achievement. Parliament specifically seeks to assess the effectiveness of policy decisions made at the central government level.

(b)   Internal managers—non-financial information is needed for reporting service performance to external users of the organization, as well as for guiding the direction and policy of the organization.

(c)   Members of the general public—service performance information is needed to assist them in making important decisions (for example, a parent using school performance information to decide if they should enroll their child), along with evaluating how effectively their tax dollars are being spent.

New Zealand

The needs of the users of service performance information in New Zealand, identified during the research, include:

(a)   Output and outcome information, particularly by service contractors and purchasers (outputs) and internal managers and government authorities assessing service performance information (outcomes).

(b)   The extent to which outputs contribute to outcomes. This may not always be feasible, since the cause-and-effect relationships between outputs and outcomes can be difficult to establish and measure.

(c)   Internal management needs information on inputs, management processes, and outcomes to maintain and improve the effective and efficient long-term delivery of outputs.

(d)   Management is also responsible for the following activities, and service performance information can help meet these responsibilities:[76]

   (i)   Strategic planning
   (ii)   Budgeting
   (iii)   Operations (service delivery) and budget implementation
   (iv)   Monitoring and reporting
   (v)   Planning and monitoring individual (staff) service performance

(e)   In addition to government officials and managers, external stakeholders may need to evaluate a government organization's achievements with public resources (general public/taxpayers/residents, investors/creditors, etc)

(f)   Authorities need to be able to evaluate whether an entity has complied with legislative mandates for output delivery.

Norway

All of the government-related users identified during the research for Issue 2 need service performance information to make resource allocation decisions. The following service performance information needs of other users identified during the research include:

(a)   auditors—need service performance information to evaluate the achievement of goals and objectives of governments, and to assess the cost-effectiveness of programs and services, and

(b)   the public—need service performance information to ensure their tax dollars are being spent wisely.

South Africa

The needs of users of service performance information in South Africa, identified during the research, include the following:

(a)   Higher-level government offices (such as Parliament, the President's Office, and the National Treasury) need service performance information to set appropriate program and service mandates/policies for national departments and provincial government institutions, to monitor the progress of such programs and services, and identify areas for improvement and to inform the budget allocation process.

(b)   Members of the general public need service performance information to assess how effectively and efficiently government institutions/departments are using their funds (tax/fee dollars).

Spain

Insufficient information was identified during the research to identify the needs of users of service performance information in Spain.

Switzerland

The needs of the users of service performance information in Switzerland, identified during the research, include:

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[76]   New Zealand Institute of Chartered Accountants. "TPA-9: Service Performance Reporting." Technical Practice Aid. November 2007.

(a)   Members of Parliament, along with parliament's audit branch—demand both outcome and output indicators. Outcome information assists members of Parliament in evaluating program and service effectiveness. Output information assists them in detecting inefficiencies or services no longer requested. There is also a need for "early warning indicators" of long-term threats and extraordinary incidents.

(b)   The public—need service performance information on outcomes that relate to matters valued by the community as a whole, is accessible, and not filled with unfamiliar terminology.[77]

United Kingdom

The needs of the users of service performance information in the United Kingdom, identified during the research, include:

(a)   The HM Treasury's Public Service Agreement objectives include improving the quality and cost-effectiveness of public services. Thus, information on the quality and cost of services is needed.

(b)   The Cabinet Office aims to ensure that the government delivers priority services, particularly the "Modernizing Government agenda" which promotes "quality, effectiveness, responsiveness, electronic service delivery, and better policy making in public services."[78]

(c)   Outcome-oriented targets are sought by all users for assessing service performance.

(d)   The reports issued by the Audit Commission are meant to communicate to the public and government/budgetary authorities what issues are currently being addressed in a particular area, the progress being made in addressing these issues, and what will be done next to further improvement.

United Nations

The research identified that the needs of users of monitoring and evaluation information appear to be closely aligned with what is set forth as the objectives of this information in Issue 1. The specific needs of the various types of potential users have not been identified. The Handbook goes slightly further in saying that "Each monitoring and evaluation activity has a purpose. UNDP places great importance on monitoring and evaluation because, when done and used correctly, they strengthen the basis for managing for results, fostering learning and knowledge generation in the organization as well as the broader development and evaluation community, and supporting the public accountability of UNDP." They go on to say that "monitoring and evaluation provide information and facts that, when accepted and internalized, become knowledge that promotes learning. UNDP uses and applies learning from monitoring and evaluation to improve the overall performance and quality of results of ongoing and future projects, programs and

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[77]   Brun, Mathias E. and John Philipp Siegel. "What does appropriate performance reporting for political decision makers require? Empirical evidence from Switzerland." <u>International Journal of Productivity and Performance Management</u> (2006): 480-497.

[78]   Bourn, John and National Audit Office. <u>Measuring the Performance of Government Departments.</u> Comptroller and Auditor General's Report. London: National Audit Office, U.K., March 2001.

strategies." They also state that "findings and lessons from monitoring and evaluation can be used for partnership building and advocacy."

United States

The needs of the users of service performance information in the United States, at the Federal level, identified during the research, include:

(a)   Congress, the executive branch, and other government officials—need to evaluate the effectiveness and efficiency of programs and services provided by various federal agencies, particularly how these programs and services are meeting the goals and objectives set forth by the agency, Congress, congressional offices and committees, the President, and executive branch offices and committees.

(b)   Policy makers—need to know how a federal agency plans to achieve its goals and objectives. This is why agencies are required to issue Annual Performance Plans with details of how they plan to do so.

(c)   Members of the American public—seek performance information on federal agencies to evaluate how effectively their "investments" (tax dollars) are being used.

The needs of the users of service efforts and accomplishments information, at the state and local level in the United States include:

(a)   Citizenry— need service performance information to assess accountability and the performance of elected and appointed officials, as well as information to evaluate the level of taxes and other charges made by governmental entities.

(b)   Elected and appointed officials—need service performance information to assist in establishing goals and objectives, determining the degree to which goals and objectives have been achieved, assessing the extent to which public needs are being met by services, determining the efficiency and effectiveness of government programs and services, determining whether those programs and service need to be improved and how.

(c)   Investors and creditors—need service performance information to assess the level of risk associated with providing funds and in establishing the charge for those funds.

Uruguay

The research identified that executive branch institutions in Uruguay use reported performance information to assess whether indicators used by managers are relevant to the agency using them, and relevant to those particular programs' performance. This information is also used to check the accuracy of cost estimates. [79]

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[79]   Zaltsman, Ariel. Evaluation Capacity Development. ECD Working Paper Series. Washington, D.C.: Independent Evaluation Group: The World Bank, May 2006.

Appendix 5: Detailed Research on the Type of Service Performance Information Needed to meet Users' Needs

Argentina

The research identified that each M&E system in Argentina uses indicators to track progress on the achievement of targets. These indicators include physical and financial-based inputs, outputs, unit costs, coverage, and outcomes (although outcomes are used to a much lesser extent), all therefore representing the service performance information necessary to meet the needs of users in Argentina. Also, Argentina's RBMS requires information on the institutions' "missions, goals, strategic objectives, and operational plans."[80]

Australia

The types of information, identified in the research, as necessary to meet the needs of users in Australia include service performance information on the following: [81]

(a)　　Effectiveness (the degree to which the government's objectives are achieved)
(b)　　Efficiency (costs of resources compared to outputs used, productivity indicators)
(c)　　Inputs
(d)　　Outputs
(e)　　Outcomes (immediate outcomes can usually be assessed through measures of satisfaction)
(f)　　Quality
(g)　　Accessibility
(h)　　Relationships among the above aspects of performance

Canada

Canada's Performance Measurement Framework (PMF) identifies the following as important for assessing and reporting public sector service performance information:

(a)　　the performance indicators used to assess an organization's progress towards its strategic outcomes, expected results and outputs,
(b)　　data sources from which the service performance information is to be collected,
(c)　　frequency at which the service performance information will be collected,
(d)　　target or level of success the program plans to achieve within a specified time period, and
(e)　　actual data collected for each service performance indicator.

Chile

The types of service performance information, identified in the research, as necessary to meet the needs of users in Chile include:

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[80]　　Zaltsman, Ariel. Evaluation Capacity Development. ECD Working Paper Series. Washington, D.C.: Independent Evaluation Group: The World Bank, May 2006.

[81]　　Lee, Janet and Gregory Fisher. "The Perceived Usefulness and Use of Performance Information in the Australian Public Sector." Accounting, Accountability & Performance 2007: 42-73.

(a)   information on goals, objectives, and targets to monitor and evaluate organizations,

(b)   indicators including physical and financial-based inputs, outputs, unit costs, coverage, and outcomes, although outcomes are used to a much lesser extent. Each M&E system uses indicators to track progress on the achievement of targets.

China

The research identified that the performance of each agency within China is evaluated by performance management indicators. The following is known about the types of service performance information needed to meet users' needs.[82]

(a)   Many of the indicators used in Chinese public sector performance measurement and reporting serve to assess the level of achievement of pre-established targets. This links to the concept of a "target-based responsibility system."

(b)   Three key "performance items" focused on in the Chinese public sector are (1) party building, (2) social development and spiritual civilization construction, and (3) economic development. These performance items are assessed through targets, with each target's achievement being assessed by specific indicators.

(c)   Under the "economic development" performance item, one target specifically mentioned is "agricultural production and rural economic development." Three indicators used to measure the achievement of this target are (1) acreage of farming land, (2) production of major rural products and increasing the rate of production, and (3) acreage of irrigation lands. These measures are output-oriented indicators.

(d)   Weights, scores, and growth indexes can also be used in conjunction with certain indicators to increase the relevancy of performance information throughout individual local governments.

France

The types of service performance information, identified in the research, as necessary to meet the needs of users in France include:

(a)   cost information on all services provided by the public sector is desired by the community as a whole,

(b)   management charts, follow-up procedures for complaints, satisfaction surveys and "quality reasonings" in their annual progress reports,[83] and

(c)   specific indicators of service performance relating to the achievement of service goals and objectives.

Germany

The types of service performance information, identified in the research, as necessary to meet the needs of users in Germany include:

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[82]   Chan, Hon S. and Jie Gao. "Performance Measurement in Chinese Local Governments." <u>Chinese Law and Government</u> (2008): 4-9.

[83]   Fouchet, Robert and Marcel Guenoun. "Performance management in intermunicipal authorities." <u>International Journal of Public Sector Performance Management</u> (2007): 62-82.

(a)   Comparisons of measures relating directly to inputs, costs, processes, and outputs of various local authorities are prepared to meet user needs.

(b)   Cost accounting information also presented together with various non-financial indicators. [84]

Indonesia

The research identified that the Indonesian central government has called for output and outcome indicators to be reported to government authorities in annual reports. However, local government agencies mostly report outputs and other non-outcome performance indicators.

Israel

No information on specific service performance indicators or targets could be found during the research. It has been noted that public sector entities do provide information on service quality and availability, usually through their websites. However, such information is generally not compiled into detailed reports with other service performance information. Thus, it is typically not useful at a macro-level. [85]

Italy

The research identified that service performance information on activities, inputs, and outputs, comprises the primary focus of Italian public sector service performance reporting. Although not as abundant as activity, input, and output information, information on outcomes also is mentioned as being needed by users of public sector service performance reporting, albeit to a lesser degree.

Japan

The research identified that service performance information on time assessments is necessary to meet the needs of identified users. This information is used to evaluate the potential effectiveness of young projects. If a project has not been in progress for very long and only nominal capital has been invested, the project is re-evaluated and stopped if projected effectiveness is considered to be inadequate.

Kenya

The types of service performance information, identified during the research, as necessary to meet the needs of users in Kenya include:

(a)   information on the specific goals and targets agreed upon by government authorities and service-providing agencies,

(b)   output and outcome information, as opposed to the old focus on inputs, processes, and activities, and

(c)   customer satisfaction and employee satisfaction information, typically collected through surveys. These surveys have been cited as "strong instruments for

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[84]   Greiling, Dorothea. "Performance measurement in the public sector: the German experience." International Journal of Productivity and Performance Management (2005): 551-567.

[85]   Izkovich, Yossi. וודנה :RE וודנה: IPSASB Project-Israel. Israel, 29 May 2010. (Email).

enhancing and measuring the quality of service delivery and eradicating corruption."86

Korea

The types of service performance information, identified in the research, as necessary to meet the needs of users in Korea include:

(a)   information on the goals, targets, and indicators of individual line ministry service providers are needed—essentially, information on what the ministry is trying to accomplish,

(b)   service performance information in the form of inputs, outputs, and outcomes (where appropriate), and how these link to the budget are needed by budgetary authorities—essentially, did the line ministry achieve its goals with the budgetary resources provided.

Mexico

The research identified that the SED performance management system calls for performance data on programs that receive government funding, specifically data on program evaluations, inputs, outputs, and effectiveness of public expenditures.

Netherlands

The types of service performance information, identified in the research, as necessary to meet the needs of users in the Netherlands include:

(a)   information on inputs (means), process (use), outputs (performance), outcomes (effects), and relationships between these three measures, and

(b)   information on how these measures link to the achievement of targets, objectives, and goals.

New Zealand

The research identified that preparation of an annual SSP (statement of service performance) provides the necessary service performance assessment information to users in New Zealand and includes:

(a)   outputs—the goods and services produced by the reporting government,

(b)   inputs—resources used to produce goods and services,

(c)   outcomes—the impacts on, or the consequences for, the community resulting from the existence and operations of the reporting government,

(d)   management systems—the supporting systems and policies used by a government in conducting its business,

(e)   internal outputs—goods or services processed by one part of a government and delivered to another part of the same government or steps along the way of a governments processes; directly contributing to the delivery of another output, and

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86   Office of the Prime Minister, Kenya. "Report on Evaluation of the Performance of Public Agencies for the Financial Year 2008/2009." Report. March 2010.

(f)   processes—the practices and methods adopted by a government to convert inputs into outputs.

Although not required, user satisfaction surveys that are robust and well-designed can aid in measuring service performance.

Norway

The research identified that information on the goals, objectives, targets, and specific indicators, whether mandated or agreed upon mutually by both parent ministries and agencies in the central government sector, is needed by all evaluators of program and service performance information. Norway's MBOR model institutes the measuring of outcomes, as well as the traditional input, output, and activities information.

South Africa

The types of service performance information, identified in the research, as necessary to meet the needs of users in South Africa include:

(a)   Specific performance indicators in relation to inputs, activities, outputs, outcomes, and impacts, such as:[87]
    (i)   cost or price indicators,
    (ii)   distribution indicators,
    (iii)   quantity indicators,
    (iv)   quality indicators,
    (v)   date/time frame indicators,
    (vi)   adequacy indicators (assessing the quantity of input or output relative to demand), and
    (vii) accessibility indicators.
(b)   Performance indicators should be reliable, well-defined, verifiable, cost-effective (from a data collection viewpoint), appropriate, and relevant.
(c)   Comparisons of target-to-actual data should be reported, and targets are to be specific, measurable, achievable, relevant, and time-bound.

Spain

Insufficient information was identified during the research to determine the types of service performance information necessary to meet the needs of users in Spain. However, input, output, and basic effectiveness information is required to be supplied to higher-level authorities.

Switzerland

The research identified that in Switzerland, "Performance, cost, and productivity information are useful for linking available resources and achieving priority goals and

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[87]   National Treasury of the Republic of South Africa. Framework for Managing Programme Performance Information. Framework. Pretoria: National Treasury of the Republic of South Africa, May 2007.

objectives."[88] The following types of service performance information also have been identified by members of parliament and government officials as necessary to meet their service performance assessment needs:

(a)   political goals and objectives of the government,
(b)   operational goals and objectives of administration,
(c)   measures of the achievement of goals and objectives,
(d)   goals and indicators of parliament and government,
(e)   output indicators,
(f)   outcomes of administrative action,
(g)   budget information, and
(h)   assessments of future developments (by parliamentarians and members of government).

United Kingdom

The research identified that information on the quality and cost of services is needed for the HM Treasury of the United Kingdom to enhance service quality and cost-effectiveness. Information on inputs, outputs, and outcomes, and on the relationships between them, and actual-to-targeted results of predetermined service performance indicators are necessary for assessing departments' service performance.[89] Linkages between indicators, targets, and goals are needed as well.

At the local level, a concise, narrative reporting format is typically used for reporting service performance information, which includes:

(a)   "key priorities identified by the area, including how well they address the needs,
(b)   aspirations of local people, and progress made in achieving those aspirations,
(c)   overall successes and challenges in improving outcomes for local people more widely, and
(d)   the prospects for future improvement in key priorities."[90]

United Nations

The research identified the importance of focusing on outcomes in monitoring and evaluating programs in the Handbook. The Handbook also does recognize that outcomes are influenced by multiple factors which may be beyond the direct control of the program.

United States

The following types of information, identified in the research, are usually found in the PARs and APRs of the United States federal agencies.

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[88]   Brun, Mathias E. and John Philipp Siegel. "What does appropriate performance reporting for political decision makers require? Empirical evidence from Switzerland." International Journal of Productivity and Performance Management (2006): 480-497.

[89]   Bourn, John and National Audit Office. Measuring the Performance of Government Departments. Comptroller and Auditor General's Report. London: National Audit Office, U.K., March 2001.

[90]   UK Audit Commission. Comprehensive Area Assessment. Framework Document. London: Audit Commission, April 2009.

(a)   As mentioned previously, policy makers need to know what goals and objectives a federal agency has established for the upcoming period, along with its plan for achieving them. In the agency's Annual Performance Plan, the following should be included:
    (i)   The goals and objectives of the agency
    (ii)   Targets, indicators, and measures the agency will employ to assess its success in achieving those goals and objectives
    (iii)   A description of the operating processes, technology, human capital, and other resources that will be used to achieve the goals and objectives
    (iv)   A description of how measurements will be verified

(b)   Information on the inputs, outputs, and outcomes of agencies is needed, along with how these have affected the achievement of the agency's goals and objectives (set by the agency, Congress, or the Executive branch). These types of information should be used in the development and application of performance indicators.

(c)   Information on the efficiency and effectiveness of federal agencies is needed by both the general public and congressional/executive policy makers. Such information includes inputs, outputs, and outcome measures, and can specifically involve information on service quality and accessibility, along with customer satisfaction.

(d)   Measurable indicators of performance need to be established at the beginning of each period, along with targets. At the end of each period comparisons should be made between targeted and actual results.[91]

At the state and local level, the GASB suggested guidelines recommend that an SEA report include measures of inputs, outputs, outcomes, and efficiency.The suggested guidelines also recommend inclusion of information about comparisons (against target and over time), citizen and customer perceptions, and time-oriented measures within an SEA report. They also discuss the need for information about demand for services and factors that influence results other than the service itself.

Uruguay

The research identified that in Uruguay's SEV, agencies and programs must submit indicator and target proposals with their budget requests, typically via standardized forms. These forms also serve to collect information on the assessed institutions' missions, goals, strategic objectives, and operational plans. However, senior officials within the assessed agencies are usually not heavily involved in the final selection of targets and indicators. This likely reduces the relevance of these targets and indicators to the agency and program operations.[92]

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[91]   U.S. Office of Mangement and Budget. Government Performance Results Act of 1993. Act of the United States Congress. Washington, D.C.: Congress of the United States of America, 1993.

[92]   Zaltsman, Ariel. Evaluation Capacity Development. ECD Working Paper Series. Washington, D.C.: Independent Evaluation Group: The World Bank, May 2006.