INTERNATIONAL FEDERATION
OF ACCOUNTANTS

277 Wellington Street West   Tel: (416) 204-3400
Toronto, ON M5V 3H2   Fax: (416)977-8585
Internet: http://www.ifac.org

Agenda Item
6

DATE: October 5, 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

6.1   Issues Paper – Reporting Service Performance Information

Background

1.   The IPSASB began its discussions of reporting service performance information at its June 2010 meeting in Vienna, Austria. The IPSASB's initial discussion supported the view that accountability should be the primary objective of public sector service performance reporting. Providing service performance information that can be used to influence decision making was another common objective of reporting this information that the IPSASB's initial discussion supported. Both of these objectives are consistent with the objectives of general purpose financial reporting (GPFR) preliminary views set out in the IPSASB Conceptual Framework Phase 1 Consultation Paper, *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.

2.   The IPSASB's initial discussion also supported the view that there are two groups of identified users of service performance information. They include: (1) recipients of services or their representatives including citizens and their representatives, the legislature, and oversight or monitoring bodies, and (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, and investors. In the Conceptual Framework Phase 1 Consultation Paper the IPSASB's preliminary view includes these same two groups as potential users of GPFRs of public sector entities.

3.   During its June 2010 discussion, the IPSASB did not conclude on the needs of these two groups of identified users. Rather, the project staff was asked to compare the needs identified through their research with those identified within the Conceptual Framework Project to assure consistency between the two projects. The staff research conducted supports that recipients of services or their representatives, which encompasses those users to whom the government is

primarily accountable, and that need service performance information to assist in deciding whether the government: (1) has operated in an efficient and effective manner; (2) has provided services that help maintain or improve their well being; and (3) has been responsive in meeting their needs and demands.

4.   The staff research conducted further supports that providers of resources or their representatives, other than the taxpaying public, need service performance information to assist in: (1) assessing whether the funds provided have been used for their intended purpose and in an efficient and effective manner; (2) assessing whether a government is a good investment and if funding should be continued; and (3) establishing the charge for funds being loaned to a government.

5.   The final issue discussed at the June meeting was what type of service performance information is needed to meet the needs of the identified users. Five different types of service performance information were identified by the staff as being necessary to meet the needs of the users identified. These are: (1) Input, output, and outcome measures; (2) Information on the public sector entity's goals and objectives; (3) Comparisons of targets to actual results; (4) Time-oriented information; and (5) "Customer satisfaction" and "customer perceptions" information.

6.   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. The next step of this project will be to produce a Consultation Paper. The Consultation Paper will highlight the initial discussions and the tentative agreements reached by the IPSASB on the issues discussed at the June and October meetings.

7.   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.

8.   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. The TBG has reviewed this issues paper and provided suggestions for its improvement, which have been incorporated in Agenda Paper 6.1. It is expected that the TBG's involvement also will be particularly vital early in 2011 once the Consultation Paper is being developed.

Appendix – Excerpt from Draft June 2010 IPSASB Minutes

3.   SERVICE PERFORMANCE REPORTING

Discuss issues (Agenda Item 3)

Staff from the Government Accounting Standards Board (GASB) in the United States led the discussion of this agenda item. Staff was seeking feedback on four specific issues in order to provide direction on the project at these initial stages.

Prior to addressing the specific issues one Member noted that the IPSASB needs to have discussions about the ultimate outcome of this project, similar to other types of GPFRs since this is likely to be a new area of reporting for many jurisdictions.

It was suggested by one Member that an IPASAS could be developed similar to IPSAS 22 whereby the standard is voluntary in terms of adoption but mandatory if the type of reporting is done. Other Members disagreed noting that governments are already required to present this information—the IPSASB should be helping to develop a framework and guidance but ultimately it should be non-authoritative at this stage in order to encourage experimentation. Members generally preferred this approach which they saw as incremental due to practices varying and the number of approaches already in existence.

Some cautions were noted that many constituents would see this outside the IPSASB's remit. In addition, the need to be consistent among the various projects relating to GPFRs was emphasized as were the challenges associated with auditing this type of information.

Staff then provided a presentation on each of the four issues outlined in the agenda materials and provided feedback on each issue.

The overall objective of the project is to develop a framework for reporting service performance information that focuses on meeting the needs of users.

Based on the research conducted, staff highlighted that the objectives could be generally summarized to the following three objectives:

1.   Accountability;

2.   Improving the services delivered and the results achieved; and

3.   Decision making.

Service performance information is a tool for reporting on accountability and provides greater transparency. Constituents' interest and trust is generally enhanced. It was noted that there may be pressure on governments to report only positive results instead of objective results and this could actually result in a decrease in trust.

It was noted that the second objective above is distinct from the IPSASB's objectives in Phase 1 of the Conceptual Framework. Improving services delivered and results achieved is an objective distinct from the IPSASB's framework but this highlights the importance

of reporting this information. It makes officials and users better informed and leads to better services and results.

With respect to the third objective—decision making, it was noted that this relates to all types of decisions consistent with the IPSASB's framework. The research also indicated other objectives of reporting service performance but staff focused on those that were consistent among the various jurisdictions.

Members discussed the objectives and noted the view that it is critical that the objectives be consistent with those of the IPSASB framework—specifically, accountability and decision making. Members noted that the second objective of service performance information was a result or benefit of service performance reporting rather than an objective.

A discussion of the users of performance information was then undertaken.

The research grouped users into four categories:

- Those to whom government is accountable – public, taxpayers, citizens;

- Those who directly represent the public - legislative and oversight bodies;

- Those who provide resources to the government other than taxpaying public; and

- Those who manage and operate programs and services delivered by the government.

Staff then highlighted how these grouping compared to the user of the CF. Overall, Members thought that for IPSASB's purposes, the users should be consistent with the conceptual framework, specifically service recipients and resource providers.

The focus should be on external users only since internal users can demand information. The fourth group was generally considered internal and therefore inconsistent with the decision to focus on external users. The Consultation Paper should provide some discussion on this issue including information on the first three groups.

After discussing users of service performance information, Members then discussed what the needs of users might be. A long list of user needs highlighted by the research was presented, classified by each of the four user groups. It was noted that staff should map these needs with those of the Conceptual Framework and many consistencies would likely be identified. Members emphasized the importance of doing this.

The need to identify the needs of the primary users (service recipient and resource providers) was highlighted.

One Member thought that performance management was a broader scope and that what the project is focusing on is a small piece of performance reporting and that this should be outlined in the paper.

The last issue discussed was what information is required to meet the users' needs. Inputs and outputs were seen as obvious but there was some question about outcomes. There were divergent views on this issue. Some cautioned against outcomes due partly to the different understanding of what outcomes comprise. The term is not uniformly used. Others thought the reporting of outcomes was critical.

Reservations included the fact that the term has a long-term focus but some Members countered that short and medium term outcomes could be identified. In this regard, the "results chain" model was highlighted as a tool that may assist.

Members discussed the next steps of the project. Staff indicated that in Jakarta agenda papers will further explore other issues including whether standard terminology exists and/or should be developed. Issues will continue to be discussed with a view to developing a Consultation Paper in 2011.

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 goal of the project is to develop a framework for reporting service performance information that focuses on meeting the needs of external users. The objective of this issues paper is to provide the International Public Sector Accounting Standards Board (IPSASB) with information to facilitate further discussions on this topic.

2. At the June 2010 meeting in Vienna, the IPSASB began discussions on the reporting of service performance information including the following specific issues:

    (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.

3. 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)   Whether there are content elements of service performance information that should be considered for general purpose financial reports (GPFRs);
    (b)   Whether the qualitative characteristic of information included in GPFRs tentatively agreed upon by the IPSASB are applicable to service performance information; and
    (c)   Whether a standardized service performance information terminology exists.

Background

4. Practice with respect to reporting service performance information is fairly diverse. In some countries, governments are required by law to report this information annually while in others, the reporting of service performance information is a voluntary action. The reporting of service performance information by 26 different countries and the United Nations has been reviewed 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, such as the United Kingdom (U.K.) and the United States (U.S.). The staff research did not identify information to address the specific issues posed in this paper for many of the countries reviewed.

5.   This paper is organized by the two issues identified in paragraph 3. Detailed individual country information for each issue, if available, is included in Appendices 2-3. If the staff research did not identify information to address the specific issue, those countries have been excluded from the Appendices. Each issue has been summarized and preliminary staff recommendations drawn based on the previously conducted research.

Issue 1—Are there content elements of service performance information that should be considered for general purpose financial reports?

6.   The staff research identified that although no two countries have identical service performance reporting frameworks that are required or encouraged within GPFRs, there are some similarities.   The similar service performance information components identified within these frameworks include:

- Information on the scope of the report;

- Information on the goals and objectives;

- Information on the achievement of goals and objectives;

- Comparisons over time and of actual to targeted results;

- Narrative discussions of results; and

- Non-financial information (indicators/measures) presented in performance reports need to possess certain qualitative characteristics.

Content Elements

7.   Some of the service performance reporting components identified through the research may be considered to be a content element. A content element sets forth the service performance information that needs to be reported by public sector entities (hereinafter referred to as entities) in order to effectively communicate their service performance.   Other types of service performance reporting components identified in the research may more appropriately be classified as qualitative characteristics and are also discussed separately within this issue.

Information on the scope of the report

8.   The research undertaken supports the view that information on the scope of the report is a necessary content element for service performance reports. Information on the scope of the report was identified as a content element of service performance reports in Canada and the United States.   A service performance report needs to include a statement of scope describing what programs and services are included in the report as well as a description of those programs and services, the reasons they were chosen for inclusion, and any capacity considerations that may have influenced their inclusion or exclusion. Most entities are complex, often with many separate programs offering multiple services.   An entity may choose to only report selected programs or services within its service performance report rather than the entity in its entirety. As a result, users of a service performance reports need information to be able to

determine which programs or services are included as well as the reasons why they were chosen for inclusion in the service performance report. When users have this information, they may determine if the service performance report is relevant to them and if it will provide the kind of information they need to make informed decisions and reach conclusions about the results of the entity's service performance.

9.   The statement of scope also needs to describe the period covered by the report or specific reported service performance indicators/measures and the frequency and sources of service performance information collected. Providing this type of "scope" information may give users a basis for comparing the service performance reported to their experience over that period of time. It also may give users a basis for determining whether the service performance information is reported regularly and in a timely manner. When users have this information, they may determine if the service performance information is useful for their assessment of accountability and their decision making.

10.   The statement of scope also needs to identify the level of detail of the information presented in the service performance report—for example, at an overview or executive summary level of an entity as a whole or at a more detailed level by geographic area—and the reasons an entity has decided to report at that level. Users of service performance reports have different levels of knowledge, interests, and needs for this type of information. Therefore, in order to meet the varying needs of the majority of users, an entity needs to consider what level or levels of detail are necessary to most effectively communicate service performance information. In knowing what service performance information is included within each level, users may more appropriately choose which level or levels of detail may provide them with the information they need to make assessments and informed decisions.

11.   For users to assess the degree of reliability of the service performance information, the statement of scope needs to discuss the extent of assurance, if any, obtained on service performance information. A discussion on the extent of assurance obtained may clearly present the methodologies used and any limitations in the reliability of the service performance information presented. Providing this type of assurance information may give users a basis for assessing the degree to which they can rely on the service performance information being presented. Once this basis is established, the information may be more widely and effectively used in assessing accountability and in making decisions.

12.   The staff believes that scope information is a necessary content element for a service performance report to contain in order to assist users in assessing the service performance of an entity.

Information on the goals and objectives

13.   The research undertaken supports the view that information on the goals and objectives established by an entity is a necessary content element for reports of service performance information. Information on the goals and objectives established by an entity was identified as a content element of service

performance reports in Canada, France, the Netherlands, New Zealand, the United Kingdom, and the United States. Service performance reports need to state the major goals and objectives of the programs and services included within the report. Users need to understand what an entity intends to accomplish through its programs and services. When users have this information they may be able to assess whether programs and services are directed towards the accomplishment of what the entity has agreed to accomplish. They also may be able to assess the degree to which the reported service performance information provides a basis for assessing the results of the achievement of those goals and objectives.

14.   Service performance reports need to state the sources of the goals and objectives and explain the link between the goals and objectives and the indicators/measures of achievement of those goals and objectives being reported. Goals and objectives need to set forth what the entity intends to achieve, while service performance indicators/measures need to provide relevant indicators of the level of accomplishment of those goals and objectives. Providing users with information on the sources of the entity's goals and objectives may assist them in assessing how relevant those goals and objectives are to their needs and interests based on who is responsible for their establishment. For example, goals and objectives that are established strictly by management may not consider the needs and interests of various types of users. Providing information on how goals and objectives link to the reported service performance indicators/measures may assist users in assessing an entity's achievement of those goals and objectives.

15.   Some entities establish goals and objectives for the entity as a whole as well as goals and objectives for their specific programs and services. These entities also need to articulate how the goals and objectives of specific programs and services relate to the goals and objectives of the entity as a whole, to the extent such a relationship exists. It is important for users to be able to understand whether entity wide goals and objectives are being advanced through the entity's specific programs and services. Providing users with information on both levels of goals and objectives may allow them to determine if the entity wide goals and objectives are encompassed within the goals and objectives of the entity's specific programs and services.

16.   Information on an entity's goals and objectives also needs to identify areas where there is incomplete or estimated service performance information on goals and objectives, if applicable. If an entity does not have formal goals and objectives, the intent or purpose of their programs and services may be identified from their mission, entity plan, or their budget. A user needs to be able to determine whether there are service performance indicators/measures that provide a basis for assessing the achievement of an entity's goals and objectives. Providing users with this information may assist them in identifying what goals and objectives are not being measured. By providing information on service performance indicators/measures that are based on estimates, users may ascertain the degree to which they may choose to rely upon the service performance indicators/measures. A user also needs a basis for assessing the degree to which an entity has achieved what it intends to achieve. Without goals and objectives users would not have a

basis for making this assessment. Therefore, entities that do not have formal goals and objectives need to have some method of determining what they intend to accomplish and how to communicate this to users of a service performance report.

17.   The staff believes that information on an entity's goals and objectives and those of its programs and services, if applicable, are necessary content elements for a service performance report to contain in order to assist users in assessing the service performance of an entity. However, the staff believes that this content element may be combined with the content element of information on the achievement of goals and objectives that follows.

Information on the achievement of goals and objectives

18.   The research undertaken supports the view that information on the achievement of an entity's goals and objectives is a necessary content element for reports of service performance information. Information on an entity's achievement of goals and objectives was identified as a content element of service performance reports in Australia, Canada, France, the Netherlands, New Zealand, the United Kingdom, and the United States. Service performance reports need to focus on indicators/measures that are useful to users assessing the performance of the programs and services being reported and the achievement of their goals and objectives. The use of relevant indicators/measures within a service performance report may provide users with necessary information to facilitate their development of conclusions regarding the important aspects of an entity's service performance without overwhelming them with more information that they can assimilate. The number and type of indicators/measures reported may vary depending on the level of reporting, with additional indicators/measures included at more detailed levels of reporting.

19.   The research undertaken identified four broad types of service performance indicators/measures that will be further defined in this paper within Issue 2 when developing a potential standardized service performance reporting terminology. The four types of service performance indicators/measures identified include: (a) inputs, (b) outputs, (c) outcomes or effectiveness, and (d) efficiency indicators/measures. In order to assess the results of service performance, users need information about indicators/measures from each of the four types because including indicators/measures from only one, two, or three types may not provide users with the information necessary for them to assess certain aspects of an entity's service performance. For example, information about only outcomes does not provide users with a basis for determining the level of resources utilized, or the efficiency with which those resources have been used in providing a program or service. Therefore, users are not provided with a complete picture of an entity's service performance.

20.   Reported service performance information needs to strike a balance between being (a) concise enough to be understandable and (b) comprehensive and objective enough in its coverage of an entity's goals and objectives to provide results, whether positive or negative. The use of several levels of reporting may

assist entities in achieving this balance by allowing more concise presentations at higher levels and more comprehensive coverage at more detailed levels. To the degree feasible, a service performance report also needs to present the service performance indicators/measures that users consider to be most important and relevant. Providing information to users on the achievement of goals and objectives that is comprehensive, objective, and relevant, may encourage a broader use of this information, which may in turn provide users with a basis for more informed decision making.

21. The staff believes that information on an entity's achievement of their established goals and objectives and those of its programs and services, if applicable, are necessary content elements for a service performance report to contain in order to assist users in assessing the service performance of an entity. The staff believes that the reasons for changes made in what indicators/measures are included within a service performance report relate to consistency and are therefore more appropriately included within the qualitative characteristics of service performance information.

Comparisons over time and of targeted to actual results

22. The research undertaken supports the view that service performance indicators/measures, if presented alone, may not provide users with a basis or context for assessing service performance. Information reflecting comparisons over time and of targeted to actual results was identified as a content element of service performance reports in Canada, China, and the United States. If the information presented within a service performance report is comparable and comparisons are presented, the information may provide users with a frame of reference for assessing service performance. To assess whether the reported service performance is improving, deteriorating, or remaining the same, or results are at an acceptable level, users may need comparative information such as indicators/measures from earlier periods and established targets.

23. Comparisons over time may provide a basis for users to compare the results of two or more periods and may provide users with information to use in assessing the degree to which results are changing over time. However, comparisons over time may not provide a basis for users to assess whether the results are at an acceptable level. Comparisons to established targets set by the entity may provide users with a means of assessing the degree to which the program or service is achieving the desired results. However, established targets may be too high or too low. Therefore, to assist users in assessing the reasonableness of targets, users may compare them against current- and prior-period results.

24. The types of comparative service performance information reported may depend on issues such as the availability of reliable and relevant information, the purpose of the service performance report, and the needs of the users. Comparisons also can be made with service performance information disaggregated by region, geographic area, economic characteristics, gender, or demographic characteristics. For example, some users may need service performance information

disaggregated by geographic area in order to assist them in assessing the specific service performance of concern to them instead of the entity as a whole.

25.   The staff believes that comparative information (over time and of actual to targeted results) on an entity's service performance and that of its programs and services, if applicable, is a necessary content element for a service performance report to contain in order to assist users in assessing the service performance of an entity. However, the staff also believes that comparative information is necessary to report the achievement of goals and objectives. Comparisons are a means of presenting the achievement, or lack of achievement, of goals and objectives to assist users in assessing the service performance of an entity or its programs and services. As a result, the staff does not believe that comparisons over time and of targeted to actual results need to be a separate content element of service performance information. Instead, the staff believes that comparability needs to be recognized as a qualitative characteristic of service performance information and will therefore be further discussed within the qualitative characteristics section of this paper.

Narrative discussions of results

26.   The research undertaken supports the view that service performance reports need to include a narrative discussion of results. A narrative discussion of results was identified as a content element of service performance reports in Australia, Canada, France, New Zealand, Switzerland, the United Kingdom, and the United States. Including a narrative discussion of results and factors that may have influenced those results within a service performance report may assist users in understanding the reported results and the entities understanding of the factors that may have influenced those results.

27.   A narrative discussion of results needs to provide an objective explanation of the results being reported. This discussion needs to focus on the major and critical results being reported, together with the reasons why the actual results differed from the intended results. The discussion of results needs to present a balanced view, including both positive and negative aspects of an entity's service performance. Providing users with objective and balanced information on the achievement of results may assist users in determining that the service performance report includes the information that is necessary to faithfully represent major results.

28.   The consequences (intended or unintended) of the services provided also need to be discussed. These consequences may not be directly associated with the stated goals and objectives of an entity or its programs and services and may not be anticipated. Providing this information may assist users in understanding that the results of programs and services may include effects that are beyond those anticipated by the entity. Understanding these effects may assist users in their assessment of the results of programs and services because they may alter the users' perception of results achieved and therefore may lead users to reach more informed conclusions.

29.   Similar to indicators/measures of service performance, the discussion of results and factors that influence those results needs to strike a balance between being concise and comprehensive. To the degree feasible, the discussion also needs to focus on the information that users consider to be most important.   Providing a narrative discussion of results and factors that influenced those results that is concise and comprehensive may encourage the use of this information, which may then provide a basis for more informed decision making by users.

30.   The staff believes that a narrative discussion of results is a necessary content element for a service performance report to contain in order to assist users in assessing the service performance of an entity.

Questions for the IPSASB

1.   Do you agree that the following content elements of service performance information should be considered for general purpose financial reports:

    (a)   Information on the scope of the report;

    (b)   Information on the achievement of goals and objectives;

    (c)   Narrative discussions of results?

2.   Do you agree that the following two content elements of service performance information identified during the research need to more appropriately be included within the content element which includes information on the achievement of goals and objectives:

    (a)   Information on goals and objectives;

    (b)   Comparisons over time and of actual to targeted results?

3.   Are there other content elements of service performance information that should be considered for general purpose financial reports?

Qualitative Characteristics of Service Performance Information

31.   The IPSASB, during their discussions of the Conceptual Framework Project, have tentatively agreed that the qualitative characteristics of information included in GPFRs are the attributes that make that information useful to users and support the achievement of the objectives of financial reporting. The objectives of financial reporting are to provide information useful for accountability and decision making purposes. The qualitative characteristics of information included in GPFRs of public sector reporting entities tentatively agreed upon by the IPSASB are relevance, faithful representation, understandability, timeliness, comparability, and verifiability.   The IPSASB has also recognized that materiality, cost-benefit, and achieving an appropriate balance between the qualitative characteristics are pervasive constraints of information included in GPFRs.   In the September 2010 IPSASB Issue Paper for the Conceptual Framework Project, the following is stated in paragraph 3.5, "The need for additional guidance on interpreting and applying the qualitative characteristics to information that extends the scope of financial reporting beyond financial

statements and their notes will be considered in the development of any IPSASs and other pronouncements of the IPSASB that deal with such matters."

32.   Therefore, this paper will first discuss the applicability of the qualitative characteristics of information included in GPFRs, already identified by the IPSASB, to service performance information. The paper will then discuss additional qualitative characteristics that were specifically identified in the research as being applicable to service performance information.

33.   The research undertaken supports the view that there are service performance reporting components that may more appropriately be characterized as qualitative characteristics that service performance information needs to possess in order to effectively communicate this information to users. The research identified nine components of service performance information in France, the Netherlands, Switzerland, and the United States, that may more appropriately be considered qualitative characteristics of service performance information. They are: relevance, usefulness, solid, verifiability (including auditability), faithful representation, understandability, comparability, timeliness, and consistency.

34.   As a practical matter, reaching an appropriate balance between the qualitative characteristics is necessary. There often is a trade-off between the qualitative characteristics. For example, there is often a trade-off between the degree of verifiability and the relevance of service performance information within a service performance report. However, there may be a point beyond which some trade-offs between the qualitative characteristics would not be considered acceptable.

35.   The staff believes that service performance information needs to possess certain qualitative characteristics in order to effectively communicate the performance of an entity or its programs and services to users. The staff also believes that the content elements are enhanced by the qualitative characteristics. The qualitative characteristics help to ensure that certain basic attributes are possessed by the service performance information being reported.

Relevance

36.   In its Conceptual Framework Project, the IPSASB has tentatively agreed that financial and other information is relevant if it is capable of making a difference in achieving the objectives of financial reporting. This qualitative characteristic of information included in GPFRs is also applicable to service performance information. Including relevance as a qualitative characteristic of service performance information recognizes that providing users with relevant information is essential for them to understand the accomplishment of an entity's goals and objectives. Because the purpose of an entity or its programs and services is not to earn profits, no single indicator/measure of service performance is readily available to assist users in assessing accountability and in making decisions. A broad variety of service performance indicators/measures may therefore be required to provide relevant service performance information to meet the diverse needs of the different users.

37.   The staff believes that relevance needs to be specifically recognized as a necessary qualitative characteristic of service performance information. The relevance of a service performance report primarily depends upon whether the service performance information included provides a basis for users to assess the degree to which the entity or its programs and services is achieving what it intended to accomplish.

Faithful Representation

38.   In its Conceptual Framework Project, the IPSASB has tentatively agreed that to be useful in financial reporting, information must be a faithful representation of the economic and other phenomena that it purports to represent. Faithful representation is attained when the depiction of the phenomenon is complete, neutral, and free from material error. This qualitative characteristic of information included in GPFRs also is applicable to service performance information. Including faithful representation as a qualitative characteristic of service performance information recognizes that for this information to be of value to users, it is essential that the information be a faithful representation. To be a faithful representation, service performance information needs to be free from bias and represent what it purports to represent. Therefore, service performance information should be derived from systems that produce controlled and verifiable data.

39.   It may not be feasible to obtain precise information for some of the more relevant indicators/measures reported because of the complexity and the sources of the service performance information. Under certain circumstances, the service performance information being reported may be based on estimates. If service performance indicators/measures utilize information based on estimates, the estimates need to be appropriately explained to users so that they may determine the degree to which they choose to rely on those estimates.

40.   Free from material error does not mean that service performance information is completely accurate in all respects. Rather, free from material error means there are no identified errors or omissions that are individually or collectively material in the reported service performance information. This lack of complete accuracy needs to be appropriately explained to users so that they may determine the degree to which they choose to rely on the reported service performance information.

41.   The staff believes that faithful representation needs to be specifically recognized as a necessary qualitative characteristic of service performance information. The staff also believes that this qualitative characteristic includes certain characteristics of being solid discussed below.

Understandability

42.   In its Conceptual Framework Project, the IPSASB has tentatively agreed that understandability is the quality of information that enables users to comprehend its meaning. GPFRs of public sector entities should present information in a manner that responds to the needs and knowledge base of users, and to the nature

of the information presented. This qualitative characteristic of information included in GPFRs is also applicable to service performance information. Including understandability as a qualitative characteristic of service performance information recognizes that in order for this information to be understandable to users, it needs to be expressed within the service performance report simply and clearly. Users have different purposes for reviewing service performance information, as well as different interests, needs, levels of understanding, and public involvement. An entity, therefore, may obtain feedback from actual or potential users of a service performance report in order to enhance the understandability of the reported service performance information.

43. Developing a service performance report that communicates in an understandable manner to users may depend on (a) the manner in which service performance information is presented, (b) the users' ability to comprehend the information, (c) the users' knowledge of an entity or its programs and services, and (d) the users' willingness to study and analyze the information with reasonable diligence.

44. The manners of presentation commonly used in service performance reports include charts and tables with numeric indicators/measures of service performance, graphs showing the relationships between two or more components of service performance information, and objective narrative descriptions of results. Tables, charts, or graphs may be used to enhance users' understandability by showing many different types of comparisons, such as to targets, previous periods, or citizen perceptions.

45. The staff believes that the concept of understandability is an important qualitative characteristic of service performance information. Because users have different backgrounds and process service performance information differently, service performance reports need to communicate that information using a variety of methods designed to meet the needs of various groups of users. The staff believes that by communicating service performance information using a variety of methods, preparers may enhance users' ability to understand this information. Therefore, the staff believes that the qualitative characteristic of understandability needs to be specifically recognized as a necessary qualitative characteristic of service performance information.

Timeliness

46. In its Conceptual Framework Project, the IPSASB has tentatively agreed that timeliness means having information available to users before it loses its capacity to be useful for accountability and decision-making purposes. This qualitative characteristic of information included in GPFRs also would be applicable to service performance information. Including timeliness as a qualitative characteristic of service performance information recognizes that service performance reports need to report this information to users before it loses its capacity to be useful for accountability and decision-making purposes. Timeliness alone does not make information useful; however, the passage of time generally diminishes its usefulness. Service performance information also needs

to be received by users on a regular basis in order for them to assess an entity's performance consistently over time.

47. The staff believes that the concept of timeliness is an important qualitative characteristic of service performance information. The staff believes that service performance information needs to be reported in a timely manner so that it will be available to users before it loses its capacity to be of value in assessing results. Therefore, the staff believes that the qualitative characteristic of timeliness needs to be specifically recognized as a necessary qualitative characteristic of service performance information.

Comparability

48. In its Conceptual Framework Project, the IPSASB has tentatively agreed that comparability is the quality of information that enables users to identify similarities in, and differences between, two sets of phenomena. Comparability is not a quality of an individual item of information, but rather a quality of the relationship between two or more items of information. This qualitative characteristic of information included in GPFRs is also applicable to service performance information. Including comparability as a qualitative characteristic of service performance information recognizes that this information needs to provide users with a basis and context for assessing an entity's service performance. Service performance indicators/measures, if presented alone, do not provide users with a basis or context for assessing service performance. If the information presented within a service performance report is comparable and comparisons are presented, the information provides users with a frame of reference to assess an entity's service performance. To assess whether the reported service performance is improving, deteriorating, remaining the same, or results are at an acceptable level, users need comparative information such as indicators/measures from earlier periods or established targets.

49. Time series comparisons and comparisons with targets are the main types of comparative service performance information included within service performance reports. Time series comparisons provide users with a basis for comparing the results of two or more periods. Time series comparisons also provide users with service performance information to use in assessing whether results are improving over time. However, time series comparisons do not provide users with a basis for assessing whether the results are at an acceptable level. Comparisons to targets set by the entity provide users with a means of assessing whether the entity is achieving the level of results anticipated. However, targets may be established that are too high or too low. Therefore, to assist users in assessing the reasonableness of targets, they may be compared against prior-period results.

50. The staff believes that comparability needs to be specifically recognized as a necessary qualitative characteristic of service performance information. The staff believes that this qualitative characteristic includes the characteristics of consistency discussed below. The staff believes that service performance indicators/measures, when reported alone; do not provide a basis for assessing or

understanding the level of service performance. Further, the staff believes that the inclusion of comparative information may assist in providing users with a clear frame of reference to assess the service performance being reported.

Verifiability

51.   In its Conceptual Framework Project, the IPSASB has tentatively agreed that verifiability is the quality of information that helps assure users that information in GPFRs faithfully represents the phenomena that it purports to represent. This qualitative characteristic of information included in GPFRs also would be applicable to service performance information. Including verifiability as a qualitative characteristic of service performance information recognizes that users may need to assess whether the information in a service performance report could be replicated by independent evaluators using the same measurement methods. Generally, service performance information needs to be derived from systems producing verifiable data. Assurance may be achieved by verification of an indicator/measure itself or by selected testing to verify the procedures used to obtain the service performance information reported by the indicator/measure. In addition to independent verification (such as an audit), there are other ways for users to assess the verifiability of service performance information; for example, system control reviews conducted internally and program staff or director evaluations.

52.   The staff believes that verifiability is an important qualitative characteristic of service performance information. The staff believes that one way to assist users in determining to what degree the service performance information is reliable is to provide them with information upon which they may base their assessment of the verifiability of the service performance information. Once users have established this basis, service performance information may be more widely and effectively used in their decision-making process.

> **Question for the IPSASB**
>
> 4.   Do you agree that the qualitative characteristics of service performance information include relevance, faithful representation, understandability, timeliness, comparability, and verifiability? Why or why not?

53.   The qualitative characteristics that follow were not identified by the IPSASB as qualitative characteristics of information included in GPFRs during their discussion of the Conceptual Framework Project. However, they were specifically identified in the research as being applicable to service performance information.

Usefulness

54.   The characteristic of service performance information being useful was identified during the research in France. The characteristic of usefulness recognizes that service performance information needs to include information that is provided to users at regular intervals, lends itself to comparison, and is comprehensible. In

order for service performance information to be useful, it needs to provide value to users in making assessments and decisions about an entity or its programs and services. The variation in the information needed will likely increase because of the different decisions made by those users. Involving users in the process of developing a service performance report by identifying what service performance information is valuable and interesting to them and how they prefer to receive service performance information may assist preparers in effectively communicating useful service performance information. Further, obtaining user feedback on service performance reports may lead to changes in future reports that not only improve their usefulness but also their effectiveness, understandability, and importance.

55.   The staff believes that usefulness does not need to be specifically recognized as a necessary qualitative characteristic of service performance information. The staff believes that the characteristics of usefulness are included within the qualitative characteristics of understandability and relevance discussed above.

Solid

56.   The characteristic of service performance information being solid was identified during the research in France. The characteristic of service performance information being solid recognizes that this information needs to be durable and absolutely reliable, while being accumulated at a reasonable cost.

57.   The staff believes the concept of being solid is more appropriately encompassed within the qualitative characteristic of faithful representation discussed above. The staff also believes that it is unreasonable to expect service performance information to be "absolutely reliable at a reasonable cost." Therefore, the staff believes that the characteristic of being solid does not need to be specifically recognized as a necessary qualitative characteristic of service performance information.

Consistency

58.   The characteristic of service performance information being consistent was identified during the research in the United States at the sub national level. The characteristic of consistency recognizes that effective service performance reports include indicators/measures reported in the same way over time. Consistency results in service performance reports that may be used by users to assess performance and monitor trends over several years. Users can then expect to find service performance indicators/measures they are familiar with and already understand when they review a service performance report. Consistency needs to extend to the various levels (layers) of reporting used by an entity or its programs and services. Consistency in the manner of presentation avoids confusing users and helps them to assess changes in service performance over time.

59.   Changes in presentation formats, indicators/measures, performance targets, or goals and objectives can occur and, in many cases, result in improved service performance information. There are many acceptable reasons for an entity to change service performance indicators/measures and methodologies, such as the

development of more accurate indicators/measures, changes in administration or leadership priorities, or shifts in other factors influencing results. The manner of presentation also may change (for instance, indicators/measures may have been reported aggregated at the entity level in one year and disaggregated by programs and services in the next).   If service performance indicators/measures are modified or replaced or the manner of presentation is changed, it is important for an entity to communicate to users that a change has taken place and the reasons for the change.   An entity may consider adjusting service performance indicators/measures from periods prior to the change, if practical, in order to enhance the consistency of the indicators/measures reported.

60.   The staff believes that although the concept of consistency is important, its characteristics are more appropriately encompassed within the qualitative characteristic of understandability discussed above. The staff believes that the characteristic of consistency does not need to be specifically recognized as a necessary qualitative characteristic of service performance information.

> **Questions for the IPSASB**
>
> 5.   Are there any other qualitative characteristics you might add as being applicable to service performance information? If so, why

Issue 2—Does a standardized service performance information terminology exist?

61.   Based on the review of the 26 selected countries and the United Nations, the research identified that a standardized service performance information terminology does not exist. This is due in part to the fact that, although some consistent terms were noted throughout the research, many of the countries had not defined them, with the exception of Canada, New Zealand, South Africa, the United Kingdom, France, and the United States. The definitions of these six countries will therefore be utilized as a foundation for the staff's discussion and recommendations and compared for consistency in this issue.

62.   The staff will consider the issues presented at the June meeting and the issues presented in this paper when developing possible definitions for the IPSASB's consideration. The staff recommendations may include some terms that were not commonly identified through the research. The following terms were identified by the staff as being appropriate for inclusion within a possible standardized service performance reporting terminology.   The terms are presented in alphabetical order and therefore are not meant to signify priority. The staff believes these terms represent essential elements within the reporting of service performance information as depicted in the chart below.

Inputs	Outputs	Outcomes or Effectiveness	Efficiency	Results

Performance measures/indicators
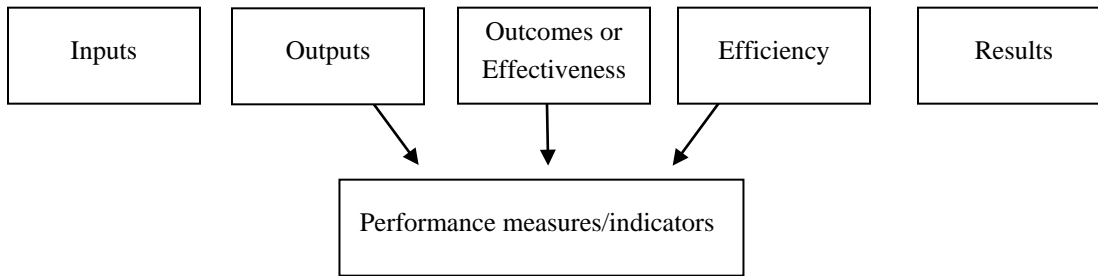
63.   Further the staff believes that defining these terms may assist in communicating these concepts and create consistency in their use by preparers of service performance reports. The terms include:

- Effectiveness measures,
- Efficiency measures,
- Goals,
- Inputs,
- Objectives,
- Outcomes,
- Immediate outcomes,
- Intermediate outcomes,
- Ultimate outcomes,
- Outputs,
- Performance measures (indicators),
- Results, and
- Targets

Effectiveness measures

64.   The following definitions of "effectiveness measures" (or a similar term) were identified by the staff during the research:

Jurisdiction	Definition
South Africa	(called Effectiveness indicators) Effectiveness indicators explore how well the outputs of an institution achieve the desired outcomes.
United States GASB (state and local governments)	(called Effectiveness) Effectiveness is producing a desired result. Effectiveness measures the degree to which predetermined goals and objectives for a particular activity or program are achieved. It may include both intended and unintended results of a program as part of the measurement of effectiveness.

65.   The definitions of "effectiveness measures" contained similar concepts in their descriptions of effectiveness measures. The staff believes the most appropriate definition to consider for a standardized terminology is:

> *Effectiveness Measures—Effectiveness measures are measures of the degree to which predetermined goals and objectives for a particular activity or program are achieved.*

Efficiency measures

66.   The following definitions of "efficiency measures" (or a similar term) were identified by the staff during the research:

Jurisdiction	Definition
South Africa	(called Efficiency indicators) Efficiency indicators explore how productively inputs are translated into outputs.
United States (FASAB)	Effective programs not only accomplish their outcome performance goals, they strive to improve their efficiency by achieving or accomplishing more benefits for a given amount of resources. Efficiency measures reflect the economical and effective acquisition, utilization, and management of resources to achieve program outcomes or produce program outputs. They may also reflect ingenuity in the improved design, creation, and delivery of services to the public, customers, or beneficiaries by capturing the effect of intended changes made to outputs aimed to reduce costs and/or improve productivity, such as the improved targeting of beneficiaries, redesign of goods or services for simplified customer processing, manufacturability, or delivery.
United States GASB (state and local governments)	(called Efficiency) Efficiency is the relationship between efforts (or inputs) to outputs or outcomes. Measured by indicators of the resources used or cost per unit of output or outcome.

67.   The definitions of "efficiency measures" contained similar concepts in their descriptions of efficiency measures. The staff believes the most appropriate definition to consider for a standardized terminology is:

> *Efficiency Measures—Efficiency measures are measures of the relationship between efforts (or inputs) to outputs or outcomes.*

Goals

68.   The following definitions of "goals" (or a similar term) were identified by the staff during the research:

Jurisdiction	Definition
Canada	Goals are broad statements that set out a clear long-term and high-level direction indicating what the entity is trying to

	achieve through its activities.
United States (FASAB)	(called a Performance goal) A target level of performance over time expressed as a tangible, measurable objective, against which actual achievement can be compared. A performance goal is comprised of a performance measure with targets and timeframes.
United States GASB (state and local governments)	A goal is the condition or state that one is striving to achieve. Usually long-term and may be beyond what might reasonably be expected to be achieved.

69. The definitions of "goals" contained similar concepts in their descriptions of goals.   The staff believes the most appropriate definition to consider for a standardized terminology is:

> ***Goals—Goals are broad statements that set out a clear long-term direction indicating what the public sector entity is trying to achieve.***

Inputs

70. The following definitions of "inputs" were identified by the staff during the research:

Jurisdiction	Definition
Canada	Inputs are the financial and non-financial resources and authorities given to the entity to carry out activities, produce outputs and accomplish results. Inputs include items such as tax dollars, user fees, transfers, human resources, capital and information.
New Zealand	Inputs are the resources used to produce the goods and services which are the outputs of the reporting entity. Examples include: labor, capital assets such as land, buildings and vehicles, cash and other financial assets, and intangible assets such as intellectual property.
South Africa	Inputs are the resources that contribute to production and delivery of outputs.
United Kingdom	Inputs are the resources that contribute to the production and delivery of an output. Inputs commonly include labor, physical resources, administrative services and IT systems, for example.
United States GASB (state and local governments)	Inputs are the amount of financial and nonfinancial resources (in terms of money, material, and so forth) that are applied to producing a product or providing a service (output). Effort is also referred to as inputs.

71. The definitions of "inputs" contained similar concepts in their descriptions of inputs. The staff believes the most appropriate definition to consider for a standardized terminology is:

> ***Inputs—Inputs are the amount of financial and non-financial resources used to produce outputs and accomplish results. Financial inputs include items such as tax dollars, user fees, and personnel costs. Nonfinancial inputs include items such as human resources and capital assets.***

Objectives

72. The following definitions of "objectives" (or a similar term) were identified by the staff during the research:

Jurisdiction	Definition
Canada	Objectives are concise, realistic, results-oriented statements of what will be achieved in the short term toward accomplishing goals.
France	An objective is the given aim of an action, the expression of the desired outcome.
New Zealand	(called Significant objectives) Objectives are another term for outcomes.
United Kingdom	Objectives are a succinct statement of the key goal(s) being pursued over the medium to long term, reflecting the key components of the intended strategy.
United States (FASAB)	(called a Strategic goal or Strategic objective) A statement of aim or purpose included in a strategic plan (required under GPRA). In a performance budget/performance plan, strategic goals should be used to group multiple program outcome goals. Each program outcome goal should relate to and in the aggregate be sufficient to influence the strategic goals or objectives and their performance measures.
United States GASB (state and local governments)	An objective is a statement of condition or state one expects to achieve. An objective is realistic, measurable, and generally within the control of the organization, and time constrained.

73. The definitions of "objectives" contained similar concepts in their descriptions of objectives. The staff believes the most appropriate definition to consider for a standardized terminology is:

> ***Objectives—Objectives are succinct, realistic, and measurable statements of the results expected to be achieved through a public sector entity's efforts to accomplish goals.***

Outcomes

74.   The following definitions of "outcomes" were identified by the staff during the research:

Jurisdiction	Definition
Canada	Outcomes are the consequences of those outputs that can be plausibly attributed to them.
New Zealand	Outcomes are the impacts on, or consequences for, the community resulting from the existence and operations of the reporting entity. Desired outcomes provide the rationale for action and are the basis on which decisions should be made concerning the outputs as part of the range of possible interventions.
South Africa	Outcomes are the medium-term results for specific beneficiaries that are the consequence of achieving specific outputs.
United Kingdom	Outcomes are the ultimate impacts on, or consequences for, the community of the activities of the Government. For example, reduced crime, higher educational attainment, and improved health. Outcomes reflect the intended results from government actions and provide the rationale for government interventions.
United States (FASAB)	Outcomes describe the intended result of carrying out a program or activity. They define an event or condition that is external to the program or activity and that is of direct importance to the intended beneficiaries and/or the public. For a tornado warning system, outcomes could be the number of lives saved and property damage averted. While performance measures must distinguish between outcomes and outputs, there must be a reasonable connection between them, with outputs supporting (i.e., leading to) outcomes in a logical fashion.
United States GASB (state and local government)	Outcomes are the basic unit of measurement of progress toward achieving desired results. An outcome may be initial, intermediate, or long-term.

75.   The definitions of "outcomes" contained similar concepts in their descriptions of outcomes. The staff believes the most appropriate definition to consider for a standardized terminology is:

> ***Outcomes*—*Outcomes are the basic unit of measurement of progress toward achieving the desired results. Examples of outcomes include lane kilometers of road maintained in excellent or good condition and students reading at grade level when they complete primary school.***

Immediate outcomes

76. The following definitions of "immediate outcomes" (or a similar term) were identified by the staff during the research:

Jurisdiction	Definition
Canada	Immediate outcomes are the first level of outcome of the entity's activities. These outcomes are in large part directly attributable to the outputs over the short term. They may include an increase in awareness among a target population. An example of an immediate outcome is reduced speeding on the highway due to sign postage indicating dangerous zones.
United States GASB (state and local governments)	(called Initial outcomes) An initial outcome is the result of a product or service that occurs immediately or very soon after the product is delivered or the service is provided. For example, the initial outcome of a program to inform residents about the value of recycling might be the level of awareness the residents have after attending the program. (The long-term objective would be to increase recycling.)

77. The definitions of "immediate outcomes" (or a similar term) contained similar concepts in their descriptions of immediate outcomes (or a similar term). The staff believes the most appropriate definition to consider for a standardized terminology is:

> ***Immediate outcomes—Immediate outcomes are the results of a service that occur immediately or very soon after the service is provided.***

Intermediate outcomes

78. The following definitions of "intermediate outcomes" were identified by the staff during the research:

Jurisdiction	Definition
Canada	Intermediate outcomes are usually achieved in the medium term and are expected to logically occur once immediate outcomes have been achieved. This level of outcome often refers to a change in behavior in a target population. An example of an intermediate outcome is a reduction in the number of accidents on highways.
United States GASB (state and local governments)	An intermediate outcome is a measure of results that indicates progress toward desired end results but is not itself a final outcome.

79. The definitions of "intermediate outcomes" contained similar concepts in their descriptions of intermediate outcomes. The staff believes the most appropriate definition to consider for a standardized terminology is:

> *Intermediate outcomes—Intermediate outcomes are the results of a service indicating progress towards the achievement of the ultimate outcome. Intermediate outcomes occur after an immediate outcome but are not themselves an ultimate outcome.*

Ultimate outcomes

80.   The following definitions of "ultimate outcomes" (or a similar term) were identified by the staff during the research:

Jurisdiction	Definition
Canada	Ultimate outcomes (end or final outcomes) are the highest level of outcomes that can be reasonably attributed to activities. They are generally long-term in nature and changes at this level are normally attributable to a variety of factors, some outside the control of the entity. This level of outcome often refers to a change of state of the target population or the whole population for which the entity is responsible. An example of an ultimate outcome is safer highway systems.
United States GASB (state and local governments)	(called Final outcomes) A final outcome is an end objective. The end result that is desired or anticipated.

81.   The definitions of "ultimate outcomes" found during the research conducted did not contain similar concepts in their description of ultimate outcomes. As a result, the staff has selected what they consider to be the most appropriate concepts in their recommended definition. The staff believes the most appropriate definition to consider for a standardized terminology is:

> *Ultimate outcomes—Ultimate outcomes are the desired final result of the provision of services.*

Outputs

82.   The following definitions of "outputs" were identified by the staff during the research:

Jurisdiction	Definition
Canada	Outputs are the direct products and services produced by the activities of the entity. An example of an output is the posting of road signs indicating dangerous zones.
New Zealand	Outputs are the goods and services produced by the reporting entity.
South Africa	Outputs are the goods and services produced by the institution for delivery.
United Kingdom	Outputs are the immediate result of Government activities e.g. numbers arrested, proportion of the population attending higher

Jurisdiction	Definition
	education, numbers treated by the NHS. Some Public Service Agreement performance targets may measure outputs, where outcomes are difficult to measure or are not sufficiently within the Department's control.
United States (FASAB)	Outputs describe the level of activity that will be provided over a period of time, including a description of the characteristics (e.g., timeliness) established as standards for the activity. Outputs refer to the internal activities of a program (i.e., the products and services delivered). For example, an output could be the percentage of warnings that occur more than 20 minutes before a tornado forms.
United States GASB (state and local governments)	Outputs are a measure of the quantity of a service or product provided (may include a quality component).

83.   The definitions of "outputs" contained similar concepts in their descriptions of outputs. The staff believes the most appropriate definition to consider for a standardized terminology is:

> ***Outputs—Outputs are the level of activity related to the services or products provided by a public sector entity. Outputs include items such as complaints investigated and emergency calls responded to.***

Performance measures (indicators)

84.   The following definitions of "performance measures" (or a similar term) were identified by the staff during the research:

Jurisdiction	Definition
Canada	Performance measures are a metric used to directly or indirectly measure a particular aspect of performance and can include measures of input, output and outcome. To be meaningful, performance measures must be specific, measurable, achievable, results-oriented and time-focused. An example of a performance measure is the number of accidents compared to the volume of traffic on a highway.
France	(called an indicator) An indicator is a figure or set of figures measuring the achievement of a predefined objective so that performance may be assessed as objectively as possible.
South Africa	(called a performance indicator) Performance indicators identify specific numerical measurements that track progress toward achieving a goal.
New Zealand	Performance measures are the characteristics of outputs that are

Jurisdiction	Definition
	important to the purchaser and establish how an entity's delivery of its outputs will be assessed. Performance measures commonly relate to some or all of the following characteristics: quantity, quality, timeliness, location, and cost or price.
United Kingdom	Performance measures establish the basis or means by which performance can be demonstrated against a robust scale.
United States (FASAB)	Performance measures are indicators, statistics or metrics used to gauge program performance.
United States GASB (state and local governments)	(called a Service Efforts and Accomplishments (SEA) performance measure) A SEA performance measure is a quantifiable expression of the amount, cost, or result of activities that indicate how well and at what level services are provided. SEA performance measures include measures of inputs, outputs, outcomes, cost-output, cost–outcomes, unintended consequences of programs and services, and factors that influence results.

85.   The definitions of "performance measures" contained similar concepts in their descriptions of performance measures. The staff believes the most appropriate definition to consider for a standardized terminology is:

> ***Performance measures (indicators)—Performance measures are quantifiable indicators, statistics, or metrics used to communicate the performance of a public sector entity. Performance measures may include inputs, outputs, outcomes or effectiveness, and efficiency.***

Results

86.   The following definitions of "results" were identified by the staff during the research:

Jurisdiction	Definition
Canada	Results are both the outputs produced and outcomes achieved by the entity. Results reflect the purpose for which an activity is performed as set by the goals and objectives. Results can be either actual results or planned/ expected results.
France	The term result, when used alone, refers to real ex post results. Results are measured by the level that an indicator has actually reached. When looking forward, the appropriate terms are "expected result" or "target result."

87.   The definitions of "results" did not contain similar concepts in their description of results. As a result, the staff has selected what they consider to be the most appropriate concepts in their recommended definition. The staff believes the most appropriate definition to consider for a standardized terminology is:

> *Results—Results are the outputs produced and outcomes achieved from the provision of services.*

Targets

88.   The following definitions of "targets" (or a similar term) were identified by the staff during the research:

Jurisdiction	Definition
France	(called a target result) A target result is the value defined ex ante that an indicator should attain within a given time (one to five years), certifying that the predetermined objective has been achieved.
New Zealand	(called performance targets or standards) Performance targets or standards describe the precise levels of performance that are to be delivered or achieved within the performance period (usually a year). Performance targets can be expressed as numbers, percentages or ratios, and/or point estimates or as a range.
South Africa	(called Performance targets) Performance targets express a specific level of performance that the institution, programme, or individual aims to achieve within a given period.
United Kingdom	A target is the level of performance that the organization aims to achieve for a particular activity e.g. a reduction of 5 per cent over a stipulated period. Such targets should be consistent with the SMART (Specific, Measurable, Achievable, Relevant, and Timed) criteria.
United States (FASAB)	A target is a quantifiable or otherwise measurable characteristic that tells how well or at what level a program aspires to perform.
United States GASB (state and local governments)	A target is what is stated as its intended level of results for a program or service.

89.   The definitions of "targets" contained similar concepts in their descriptions of targets. The staff believes the most appropriate definition to consider for a standardized terminology is:

> *Targets— Targets are the established levels of performance that the public sector entity has stated that it aims to achieve for a particular service.*

Questions for the IPSASB
6.   Do you agree with the following terms identified and related definitions established by the staff for inclusion within a standardized terminology for the reporting of service performance information? Why or why not? If not, what

modifications would you suggest?

(a)   Effectiveness measures,

(b)   Efficiency measures,

(c)   Goals,

(d)   Inputs,

(e)   Objectives,

(f)   Outcomes,

(g)   Immediate outcomes,

(h)   Intermediate outcomes,

(i)   Ultimate outcomes.

(j)   Outputs,

(k)   Performance measures (indicators),

(l)   Results,

(m)   Targets,

7.   Are there any other terms that should be included within a standardized terminology of the reporting of service performance information? If so, how might you suggest defining them?

Appendix 1: Countries reviewed for content elements of service performance information and standardized terminology[1]

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

---

[1] Note that for Issue 1 of this paper, *Content Elements of Service Performance Information*, content elements were only identified for Australia, Canada, China, France, Netherlands, New Zealand, Switzerland, the United Kingdom, and the United States. For Issue 2, *Standardized Terminology*, terms were only identified for Canada, France, New Zealand, South Africa, the United Kingdom, and the United States.

Appendix 2: Detailed Research on Content Elements of Service Performance Information that should be Considered for General Purpose Financial Reports

Australia

In Australia, the following content elements of service performance information were identified during the staff research:

- Explanatory information providing a narrative analysis of performance is useful for accountability when quantitative metrics may be difficult to understand. Specifically, this includes discussions of factors influencing performance and comparison of performance overtime. [2]

- Managers often use a balanced set of information for program evaluation[3]

- Financial information for resource allocation including:

  o Output, outcome, and financial information for assessing service efficiency, and

  o Outcome and standard of services information for improving service quality.

Canada

In Canada's Performance Measurement Framework (PMF), the staff research identified the following content elements for assessing and reporting public sector service performance information:

- Performance indicators used to assess an organization's progress towards its strategic outcomes, expected results and outputs;

- Data sources from which this information is to be collected;

- Frequency at which this information will be collected;

- Target or level of success the program plans to achieve within a specified time period;

- Actual data collected for each indicator;

- Identification of significant risks;

- Identification and explanation of capacity considerations;

- Explanations of factors that impacted performance results, along with the nature of the impact; and

- The public performance report should disclose the basis on which it has been prepared. In particular, the public performance report should disclose: [4]

---

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

[3] IBID

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

  o A statement acknowledging the entity's responsibility for its preparation,

  o The basis on which those responsible for the preparation of the report have confidence in the reliability of the information in the report,

  o A description of the reporting entity,

  o The rationale for selecting the few critical aspects of performance on which to focus, and

  o Any changes made to performance measures during the period, with restatement of prior period measures when appropriate.

China

In China, the following content element of service performance information was identified during the staff research:

- Comparisons of actual results achieved to established targets are to be presented.[5]

France

In France, the following content elements of service performance information were identified during the staff research:

- France's service performance and budget-oriented publication "The Performance-Based Approach: Strategy, Objectives, Indicators, *A methodological guide for applying the Constitutional bylaw of August 1st, 2001 on budget acts*" mentions the following types of information identified as necessary to meet users' needs:

  o Goals that are established at both high and low levels of government (goals are broader at the higher levels of government), and thus are an important component of service performance reports.[6]

  o Strategic objectives that combine:

    – Common features (few in number, represent essential aspects of the programme and address the expectations of citizens, users, and taxpayers in a balanced way);

    – Specific features (clear, linked to programme activities and measurable by indicators).

  o Indicators that must be:

    – Relevant (capable of measuring the results actually obtained), consistent with the objective, relate to a material aspect of the expected result, provide the basis for a judgment and avoid effects contrary to those sought;

---

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

[6] <u>The Performance-Based Approach: Strategy, Objectives, Indicators; A methodological guide for applying the Constitutional bylaw of August 1st, 2001 on budget acts</u>. Guide. France: Ministry of the Economy, et al, June 2004.

- Useful (provided at regular intervals, lend themselves to comparison, be exploitable by government agencies, and comprehensible);

- Solid (durable and absolutely reliable while being generated at a reasonable cost); and

- Verifiable and auditable.

o In order to meet the expectations of citizens, users, and taxpayers, strategic objectives must reflect the following three aspects of performance in a balanced way:

- Socioeconomic effectiveness (citizens' perspective),

- Service quality (users' perspective), and

- Managerial efficiency (taxpayers' perspective).

o Each strategic objective should have the following intrinsic characteristics:

- Clarity,

- Dependence on programme activities for achievement, and

- Measurability.

o Each indicator of a particular strategic objective should have the following characteristics:

- Relevancy (so as to assess the results obtained)

  - Relates to a material aspect of the expected result, and

  - Provides the basis for making a judgment

- Usefulness

  - indicator must be provided at regular intervals,

  - indicator must be comparable in time, space, and between players, and

  - indicator must be immediately comprehensible or clearly explained.

- Reliability

  - indicator must be durable and independent of organizational changes, and

  - indicators must be absent of bias.

- Verifiability

  - indicator's preparation and details must be documented.

- Users of service performance information (particularly at the central government level) also often require budgetary information. In France's "The Performance-Based Approach: Strategy, Objectives, Indicators" the budget is described as

having three levels. Information is needed from all three levels. The three levels include:

  o   Missions (approximately 40) that describe areas of State policy,

  o   Programmes (approximately 150) defining responsibility for policy implementation, and

  o   Actions (approximately 500) defining programme purposes in greater detail.

- Variances between forecasts and results for each indicator are needed by central government officials. This information is built into the reporting system due to the fact that annual performance reports are structured in the same way as annual performance plans.

Netherlands

Public sector service performance reports in the Netherlands focus on answering three important questions. [7] The content elements within the report are therefore focused on addressing these questions which include:

- What outcomes do we want to achieve (focusing on outcomes)?

- What are our plans for achieving those outcomes (focusing on outputs)?

- What will these efforts cost us (focusing on inputs)?

Furthermore, non-financial information presented in performance reports should adhere to the following quality features: [8]

- Reliability,

- Understandability,

- Relevance,

- Comparability, and

- Verifiability.

New Zealand

In New Zealand, the following content elements of service performance information are cited specifically in TPA-9 as items a statement of service performance (SSP) should contain: [9]

- Outputs

- Inputs

---

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

[8]   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.

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

- Outcomes, including:

    o   Intended outcomes

    o   How well they are being achieved

    o   Linkages between outcomes and outputs provided

    o   Intermediate outcomes may be identified and reported (for longer-term outcomes)

- Management systems

- Internal outputs

- Processes

- Summary

- The dimensions of output performance include: [10]

    o   Quantity—the quantity of output to be delivered;

    o   Quality—the quality or standard of output expected;

    o   Timeliness—the timeframe for delivery of the output;

    o   Location—the physical location where the output will be delivered; and

    o   Cost—the cost of output delivery.

- Commentary (narrative explanations) should be used.   Additional contextual information is needed to help users understand the nature of the performance.

Switzerland

In Switzerland, the following content elements of service performance information were identified during the staff research: [11]

- Reports are expected to be well visualized and to contain the most relevant indicators;

- Reports should be printed, and may be supplemented by electronic publication;

- Regarding elements of presentation, the following elements may be included:

    o   "A standardized, comparable layout is generally desired;"

    o   "Visualization of the content with the aid of tables and figures;"

    o   "Both members of parliaments and governments expect a presentation by means of indicators, as well as respective comments;" and

    o   "A 'cockpit' which presents the information clearly, concentrates on essential information, and relates to the achievement of the organizations'

---

[10]   IBID

[11]   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.

> goals and objectives, is sought by both parliamentarians and government officials."

Possible formal elements to facilitate the understandability and the survey of the reports include:[12]

- Executive summaries are desired by both groups;

- Interpretations of the report content by the agency or department;

- Policy recommendations by the agencies;

- Independent audit of performance reports (can be by the governmental accounting office or private sector accountants)

    o   Members of parliaments support requiring an audit, and

    o   Members of governments are against it

- "When it comes to means promoting the comparability of performance information, an intra-cantonal performance ranking is congruently not desired by both target groups. On the other hand, an inter-cantonal ranking would be appreciated by the members of the cantonal parliaments, in contrast to their counterparts in government. A rating which combines weighted key indicators with scaled assessments and an inter-agency comparison is desired congruently, as well as a best-practice-oriented performance benchmarking;"[13]

- Users and government officials have recommended that public performance reports are no longer than 10 pages.

United Kingdom (U.K.)

Public Service Agreements are the official performance assessment reports used in the U.K. for evaluating public sector departments. These reports identify what the department is generally responsible for in its sector (at a broad level), what the department aims to achieve (its objectives), and the specific targets for assessing its achievement of objectives. Also included in a Public Service Agreement is the identification of resources allocated to the department in public expenditure reviews. Technical Notes are included as well and define important terms and outline the performance measurement methods used to monitor progress. An illustration of the content of Public Service Agreements is presented below.[14]
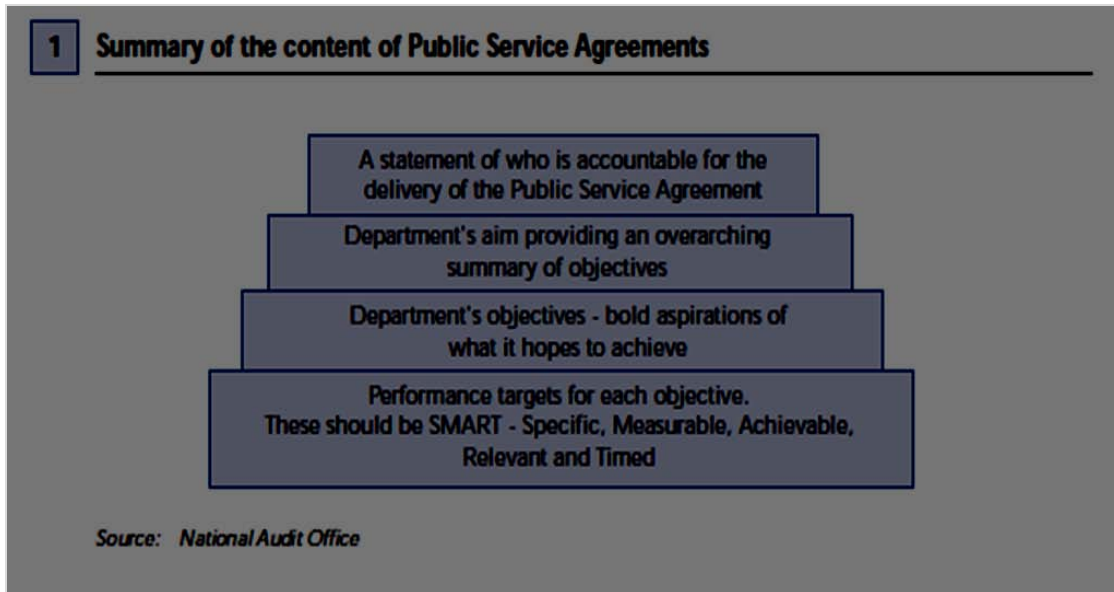
---

[12]   IBID

[13]   IBID

[14]   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.

There are also content elements of service performance information, identified within the staff research, at the local government level in the UK that needs to be considered for GPFR. Within the UK Audit Commission's Comprehensive Area Assessment framework document it states, "Service performance 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. A concise, narrative reporting format is typically used for reporting this information. Additionally, an overview is to be included that summarizes the following:

- Key priorities identified by the area, including how well they address the needs and aspirations of local people, and progress made in achieving them;

- Overall successes and challenges in improving outcomes for local people more widely; and

- The prospects for future improvement in key priorities, including red and green flags."[15]

However, it is important to mention that the Comprehensive Area Assessment is currently not being utilized due to expected changes in government policies.

United States

At the federal government level in the United States the following content elements were identified during the staff research:

- PARs are required to have the following format: [16]

---

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

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

     o   An Agency Head Message,

     o   Management's Discussion and Analysis (MD&A),

     o   Performance Section (a key focus of this research),

     o   Financial Section, and

     o   Appendices.

- Annual Program Performance Reports should contain the following elements (from OMB Circular A-11, Section 230.2):

       o   An assessment of the completeness and reliability of reported performance information;

       o   Comparisons of targets to actual levels of performance;

       o   If performance goals are not met, the reasons why should be explained and new plans presented for meeting these goals;

       o   Identification of areas where incomplete or estimated performance information on performance goals exists (and when the information will be available);

       o   Historical trends of performance relating to strategic goals in the performance plan for at least the prior four years. The use of tables or charts for illustrating this information is suggested. Negative trends should be discussed;

       o   A summary of program evaluation findings; and

       o   GAO "High Risk List Items" should be addressed by the agency. A plan should be presented on how this will occur.

- Additionally, U.S. Government Auditing Standards (GAO-02-340G) set forth the following standard for performance audit reports: "Reports should be timely, fact-based, accurate, objective, convincing, clear, and as concise as the subject permits."

At the state and local government level in the United States, the Governmental Accounting Standards Board has recently issued Suggested Guidelines for Voluntary Reporting, *SEA Performance Information*, that includes:

- Four essential components that an effective SEA report needs to contain in order to assist users in assessing the efficiency and effectiveness by which the goals and objective of governmental services are achieved:

       o   Purpose and Scope,

       o   Major goals and objectives,

       o   Key Measures of SEA performance, and

       o   Discussion and Analysis of Results and Challenges.

- Six qualitative characteristics that represent the attributes that the information needs to possess in order to effectively communicate performance to users that include:

  o   Relevance—effective SEA reports include information capable of making a difference in a users assessment of performance;

  o   Understandability—effective SEA reports communicate SEA performance information in a readily understandable manner and include explanations and interpretations to help users comprehend the information;

  o   Comparability—effective SEA reports help users make comparisons that provide a basis and context for assessing a government's performance;

  o   Timeliness—effective SEA reports provide SEA performance information to users before it loses its value for assessing accountability and informing decisions;

  o   Consistency—effective SEA reports include measures reported in the same way over time; and

  o   Reliability—effective SEA reports contain information that is verifiable, objective, comprehensive in coverage, and faithfully representative.

- Three key elements necessary to effectively communicate SEA performance information that include:

  o   Intended audiences,

  o   Multiple levels of reporting, and

  o   Forms of communication.

Appendix 3: Detailed Research on a Standardized Service Performance Terminology

Canada

The research undertaken identified the following terms and definitions taken from the CICA's Statement of Recommended Practice SORP-2, *Public Performance Reporting:* [17]

Accountability—is a broad concept that requires the entity to answer to elected officials and the public they represent to justify the raising of public resources and to explain the purposes for which they are used. It includes providing useful information for assessing the performance of an entity.

Activities—are what the entity does to produce the outputs that contribute to the outcomes. Activities include the processes and initiatives used by the entity to produce its outputs.

Attribution—is the extent to which a plausible causal connection can be made between activities and outputs of an entity, policy, program or initiative, and the outcomes they are intended to achieve.

Capacity—refers to the ability of the entity to achieve its intended results. Capacity includes both financial and non-financial resources available to the entity to deliver its activities.

Conduct of business—refers to the manner in which the entity achieves its results. This includes the ethics and values adopted by the entity. It also includes the steps being taken to reinforce appropriate values in the everyday conduct of public business.

Evaluation—refers to the application of systematic methods to periodically and objectively assess the effectiveness of programs in achieving results.

Goals—are broad statements that set out a clear long-term and high-level direction indicating what the entity is trying to achieve through its activities.

Governance—refers to the exercise of authority, direction and control over the entity.

Inputs—are the financial and non-financial resources and authorities given to the entity to carry out activities, produce outputs and accomplish results. Inputs include items such as tax dollars, user fees, transfers, human resources, capital and information.

Objectives—are concise, realistic, results-oriented statements of what will be achieved in the short term toward accomplishing goals.

Outcomes—are the consequences of those outputs that can be plausibly attributed to them. Outcomes can be distinguished in three ways:

Immediate outcomes—are the first level of outcome of the entity's activities. These outcomes are in large part directly attributable to the outputs over the short term. They may include an increase in awareness among a target population. An example of an immediate outcome is reduced speeding on the highway due to sign postage indicating dangerous zones.

---

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

Intermediate outcomes⸺are usually achieved in the medium term and are expected to logically occur once immediate outcomes have been achieved. This level of outcome often refers to a change in behavior in a target population. An example of an intermediate outcome is a reduction in the number of accidents on highways.

Ultimate outcomes⸺(end or final outcomes) are the highest level of outcomes that can be reasonably attributed to activities. They are generally long-term in nature and changes at this level are normally attributable to a variety of factors, some outside the control of the entity. This level of outcome often refers to a change of state of the target population or the whole population for which the entity is responsible. An example of an ultimate outcome is safer highway systems.

Outputs⸺are the direct products and services produced by the activities of the entity. An example of an output is the posting of road signs indicating dangerous zones.

Performance⸺refers to what the entity did with its resources to achieve its results and the assessment of those results against what the entity intended to achieve. Performance is often described in terms of effort, capacity and intent.

Performance indicators[18]⸺Qualitative or quantitative measures that tell whether an outcome is being achieved or an output is being produced. For each organizational Strategic Outcome and for each expected result and output identified for a program in an organization's PAA, a related performance indicator must also be identified (*Gov. of Canada Performance Reporting Symposium*, March 2010).

Performance measure⸺is a metric used to directly or indirectly measure a particular aspect of performance and can include measures of input, output and outcome. To be meaningful, performance measures must be specific, measurable, achievable, results-oriented and time-focused. An example of a performance measure is the number of accidents compared to the volume of traffic on a highway.

Results⸺are both the outputs produced and outcomes achieved by the entity. Results reflect the purpose for which an activity is performed as set by the goals and objectives. Results can be either actual results or planned / expected results.

Risk⸺refers to factors that may affect inputs, outputs and the achievement of outcomes either adversely or positively. Risk is often assessed in terms of the probability of a negative event occurring or opportunities being missed, and the likely associated impact of that event.

Strategic direction⸺reflects the entity's high-level priorities and long-term goals as stated in public policy announcements (for example, speech from the throne, major public commitments, budgets and strategic plans).

France

The research undertaken identified the following terms and definitions taken from France's budgetary and performance reporting document "The Performance-Based

---

[18] Treasury Board of Canada Secretariat. "Government of Canada - Peformance Reporting." 10th Annual OECD Public Sector Accruals Symposium. Canada, March 2010. 25.

Approach: Strategy, Objectives, Indicators, *A methodological guide for applying the Constitutional bylaw of August 1ˢᵗ, 2001 on budget acts:"*[19]

Action—According to LOLF Article 7 (1 - para. 6), a programme covers appropriations intended for the implementation of an action or a consistent set of actions coming under the same ministry and involving both specific objectives defined on the basis of public interest purposes, and expected results subject to evaluation. An action is a programme component. Budget bills present appropriations grouped by missions, sub-divided into programmes that are themselves sub-divided into actions. An action may include appropriations targeting a particular body of users or beneficiaries or a particular form of government intervention. The allotment of appropriations between actions within a programme is for guidance only. It is specified precisely when the budget is implemented. If an action has an identified purpose, it may be linked to specific targets and indicators from among those associated with the programme

Activity—(see: Objective)

Annual performance plan—The annual performance plan is an explanatory annex to

the budget bill, drawn up for each programme. It states amongst other things the performance achieved in previous years and expected in future years as a result of

implementing each programme. In accordance with LOLF Article 51, the annual performance plan contains:

- A description of actions, associated costs, objectives pursued, actual results and results expected in the years to come, measured using precise indicators whose choice is justified;

- An evaluation of tax expenditure;

- Justification of changes in appropriations in relation to i) actual expenditure in the previous year, ii) appropriations made under the current budget act, and iii) and these same appropriations increased where necessary by reappropriations from the previous year, indicating their projected subsequent growth;

- The schedule of cash-limit appropriations associated with commitment authorisations;

- The projected distribution of State-paid jobs by category, listed by corps or profession or by type of contract, and justification of variations in relation to the existing situation.

Annual performance report—Annual performance reports, appended to the budget review act and drawn up for each programme, state amongst other things actual performance in relation to the objectives contained in the annual performance plans appended to the budget bill for the same period. For ease of comparison, the structure of annual performance reports is identical to that of annual performance plans. According to LOLF Article 54, the annual performance report, by highlighting variations in relation to the

---

[19] The Performance-Based Approach: Strategy, Objectives, Indicators; A methodological guide for applying the Constitutional bylaw of August 1st, 2001 on budget acts. Guide. France: Ministry of the Economy, et al, June 2004.

budget projections for the years under consideration and the actual performance given in the latest budget review act, should indicate:

- Objectives, expected and actual results, indicators and associated costs;

- The justification, for each class, of appropriation movements and actual expenditures, stating where relevant the origin of exceptional appropriation overruns attributable to circumstances beyond control;

- How employment authorisations have been managed, stating, firstly, how actual jobs have been distributed according to the terms and conditions set forth at Article 51.5(e) and the corresponding costs and, secondly, the measures justifying any change in the number of jobs presented in the same way and the costs associated with those measures.

Across-the-board policy document—An across-the-board policy document is a document appended to the budget bill. For an interdepartmental policy involving several programmes, it sets out the objectives of the programmes concerned that work towards the purpose of the across-the-board policy. In road safety, for example:

- The national police could be given an objective relating to the effectiveness of traffic controls in its areas of competence;

- The national gendarmerie could be given an identical objective for its areas of competence;

- An objective could be set in the roads programme relating to a reduction in the number of black spots in the road network.

The lead programme could also include objectives of a more comprehensive nature reflecting the overall effect of the objectives pursued by contributing programmes. In road safety, for example, a reduction in the number of deaths or accidents could be one overall objective.

Indicator—An indicator is a figure or set of figures measuring the achievement of a predefined objective so that performance may be assessed as objectively as possible.

Interim objective—(see: Objective)

Management control—Management control is a resource whose function is to inform and objectify the managerial dialogue between the various levels of an administration and to steer it by providing information about costs, activities and results so that the link between resources and the activity or results can be improved.

Managerial dialogue—Managerial dialogue is the process whereby exchanges take place between a given administrative level and its subordinate levels relating to the quantity of resources made available to subordinate entities and the objectives assigned to them. The dialogue takes place, for example, between programme coordinators and operating budget managers, and between operating budget managers and all the departments for which they are responsible. Managerial dialogue is informed by inputs from management control. It should favor the expression of the players closest to the ground and promote the spread of best management practice.

Managerial efficiency—(see: Objective)

Mission—Pursuant to LOLF Article 7 (1), the appropriations made by the budget acts to cover each of the State's budget obligations are grouped by missions coming under one or more agencies of one or more ministries. A mission covers a set of programmes designed to contribute to a defined public policy. A mission can be created only by a government-initiated budget act stipulation. Budget bills present appropriations grouped by missions, sub-divided into programmes that are themselves subdivided into actions.

A mission therefore covers a set of programmes designed to contribute to a defined public policy which may be interdepartmental. A mission is the level at which appropriations are approved. Parliament may change the allocation of resources between the programmes of a mission. However, it may not increase the total amount of appropriations allocated to the mission.

Objective—An objective is the given aim of an action, the expression of the desired outcome.

Objective: intermediate/interim—In the public service production process (see that term), interim objectives are situated upstream from socioeconomic, service quality or efficiency objectives. Interim objectives concern levers, inputs, activities, outputs:

- Input-related objectives: they may concern a consumption volume or rate or the distribution of certain resources;

- Activity-related objectives: they may concern the volume, distribution or implementation of certain actions or processes;

- Output-related objectives: they may concern the volume or distribution of certain outputs.

Objective: socioeconomic, service quality, efficiency—The strategic objectives decided by the political authorities and contained in annual performance plans concern not what the administration does (i.e., its activity of producing goods and services) but:

- The expected effects of public policies (socioeconomic effectiveness, of interest to the citizen/the community;

- The desired improvement in the quality of public services (service quality, of interest to the user);

- The savings achieved in carrying out administrative activities (managerial efficiency, of interest to the taxpayer). These three categories of objective may be termed:

  o Socioeconomic effectiveness objectives—They describe the expected benefit of State action to citizens (the community) in terms of changing the economic, social, environmental, cultural, health, etc. situation in which they live, principally as a result of such action. For example, a socioeconomic effectiveness objective linked to a public health programme could be to cut smoking.

  o Service quality objectives—They seek to improve the quality of the service provided, setting out the expected quality of the service provided to the user, meaning the capacity of the service to satisfy the beneficiary, whether a user out of choice or necessity. For example, a service quality

> objective linked to a judicial system programme could be to reduce response times in the judicial system.

> o Managerial efficiency objectives—They express the expected optimisation of the use of resources by linking outputs (or activity) to inputs. The objective is a way of showing that the public services produced by a given level of inputs can be improved or that the inputs used to produce a given level of public services can be reduced.

Objective: strategic and operational—Objectives are either strategic or operational depending on the position they occupy in the performance-based steering mechanism (see that term). Strategic objectives are situated at the top of a pyramid of operational objectives linked to them.

- Strategic objectives—Strategic objectives express the strategic priorities of programmes in a practical and measurable way. They are summarised in annual performance plans and are set by the political authorities (Government and Parliament) for each programme. They are more specific than the public interest purposes that characterise the programme and more liable to change over time.

- Operational objectives—Operational objectives are the translation of the programme's strategic objectives for each department. Operational objectives may be:

  o The territorial or sectoral translation of strategic objectives;

  o Output, activity or input objectives (intermediate objectives) that contribute to the achievement of strategic objectives;

  o Local objectives that are consistent and not in contradiction with strategic objectives and take account of the department's specific situation.

Operational objective—(see: Objective)

Operator—A State or private (non-governmental) agency given the task of implementing all or a significant portion of a policy translated in budget terms into a programme or action. As such, the operator contributes to achievement of the programme objectives. State operators are therefore organisations which, whatever their status, meet all of the following three criteria:

- They have legal personality;

- They are directly controlled by the State. This presupposes a link between the State and the organisation that may at times need to be assessed according to several criteria (how management bodies are appointed, rules for approving or rejecting budgets, exercise of control prerogatives, rules for controlling acts of management, origin of resources, rules applying to the goods exploited by the organisation, preponderance of the non-merchant sector in its portfolio of activities, etc.);

- They help to implement a policy defined by the government that is given practical expression in budgets.

An operator may receive subsidies for the provision of public services or transfer appropriations from the programme which it is responsible for redistributing. It may also be financed from tax resources allocated to it.

Performance—Capacity to achieve predetermined objectives expressed in terms of socioeconomic effectiveness, service quality or managerial efficiency.

Performance-based approach, performance-based steering—The performance-based approach or performance-based steering is a public management mechanism designed to making public spending more efficient by directing management towards predefined socioeconomic, service quality or efficiency results (or performances) using predetermined resources. The strategic objectives to be achieved are translated into operational objectives at each operational level. The objectives leave each level free to choose the resources to achieve them so that it can allocate available resources appropriately and choose the most suitable means of action.

Programme—According to LOLF Article 7 (1 - para. 6), a programme covers appropriations intended for the implementation of an action or a consistent set of actions coming under the same ministry and involving both specific objectives defined on the basis of public interest purposes, and expected results subject to evaluation.

As a single-purpose appropriation unit, the programme sets the operational framework for State policy. The programme coordinator is free to use the appropriations within the control total set by Parliament, provided that he does not exceed the amount earmarked for personnel expenditure and the ministerial ceiling on employment authorisations.

Programme coordinator—Programme coordinators are appointed by the relevant Minister to oversee a programme. They help to draw up the programme's strategic objectives, under the Minister's authority. They are responsible for implementing and achieving the strategic objectives. To that end, they translate them into operational objectives, adapted to the competencies of each department, in the framework of the managerial dialogue with department heads.

Programme operating budget—The programme operating budget covers the portion of programme appropriations made available to an identified manager for a defined set of activities (some of the programme actions, for example) or for a territory (a region, a department, etc.) so as to bring management of appropriations closer to the ground. The programme operating budget has the same attributes as the programme: it is an overall set of resources associated with objectives measured by indicators of results. The objectives of the programme operating budget are defined as a translation of the programme objectives.

Public interest purposes—The public interest purposes of a programme reflect the benefits that users derive from services, or the social, economic, educational, cultural or other aims of government intervention. This level of description, changing little over time, provides a backdrop on which the broad outlines of public action can be mapped out. The strategic objectives set out in annual performance plans express the priorities most likely to achieve the programme's purposes.

Public service production process—The public service production process is a logical sequence which describes how government transforms resources, through activities, into

outputs or goods or services rendered. These outputs induce socioeconomic outcomes, meaning a transformation of the economic and social environment. Objectives and indicators that measure their achievement may be introduced at all levels of the production process.

Result—The term, when used alone, refers to real ex post results. Results are measured by the level that an indicator has actually reached. When looking forward, the appropriate terms are "expected result" or "target result".

Service quality—(see: Objective)

Socioeconomic effectiveness—(see: Objective)

Strategic objective—(see: Objective)

Strategy—The term strategy embraces the more general considerations that inform the choice of objectives contained in annual performance plans. The strategic time horizon spans several years. A strategy is the basis for choosing priorities for government action on an overall diagnosis of the situation of a programme, taking into account its public interest purposes, its environment, especially the other programmes in the same mission, expressed expectations and the available resources. A summary of the programme strategy is given in the annual performance plan, structuring the objectives in which it is given practical expression around a few guidelines.

Support function—A function that is not involved in the operational conduct of actions but is vital to the effectiveness of the whole. Support functions correspond to so-called staff functions (general management, planning, research, certain forms of control) and resource management functions (personnel, budget/finance, communication, across-the-board IT services, etc.). Support functions that cannot in principle be shared between programmes or operational actions are contained within a support function action or programme. Support actions are not generally assigned strategic objectives other than efficient management objectives. Internal service quality objectives may be additionally assigned to support function programmes.

Target result—A target result is the value defined ex ante that an indicator should attain within a given time (one to five years), certifying that the predetermined objective has been achieved.

Translation of objectives—The translation of objectives is the process whereby, within a given programme, operational objectives are defined for each subordinate level or for each operator covered by the programme in such a way that, by achieving them, the national strategic objectives assigned to the programme are also achieved, while at the same time all programme activities are kept under control. The strategic objectives decided by the political authorities are situated at the top of a pyramid of related operational objectives. Operational objectives may be:

- The territorial or sectoral translation of strategic objectives;

- Output, activity or resource objectives (intermediate objectives) that contribute to the achievement of strategic objectives;

- Objectives complementary to strategic objectives that are consistent and not in contradiction with them, and that concern activities not covered by the strategic

objectives or take account of the department's local situation. Two principles must be reconciled when strategic objectives are translated into operational objectives:

o   Operational objectives must be expressed in terms relating to realities that can be controlled by the entities to which they are assigned;

o   Operational objectives must be expressed in terms that leave as much scope as possible to entities as regards the arrangements and resources implemented, such that agencies can choose the most suitable and most economical methods.

Objectives are translated within the framework of a managerial dialogue organised in such a way as to favor the expression of the players closest to the ground and to promote the spread of best management practice.

Zero-base budgeting— Appropriations put to a vote by Parliament are no longer justified in two compartments, namely the current services appropriations (expenditure renewed to ensure the continuity of public services) and new expenditure items, but from the first euro of expenditure. This approach is distinguished from the differential method for analyzing new measures in that it leads to an in-depth analysis of the stock of expenditure.

New Zealand

The research undertaken identified the following Glossary of Terms utilized by the New Zealand Institute of Chartered Accountants within their Technical Practice Aid No. 9 – Service Performance Reporting. [20]

Accountability—Accountability is the requirement for one party to account to another party for its performance over a given period.

Actual performance—Actual performance is the results achieved against the performance targets or standards set at the start of the reporting period. Actual performance is also known as "performance achievement".

Appropriation—In central government, Government seeks appropriation approval from Parliament to incur output expenses. For the purposes of appropriation, similar outputs must be grouped into output classes.

Consumer—Consumers are the people who use or directly benefit from the delivery of outputs. In the private sector, the consumer is usually also the purchaser. In the public sector, however, the consumer of outputs is often different from the purchaser because services such as health and education services, for example, are provided to the community (the consumer) rather than to the purchaser.

Delivery entity—The delivery entity is the entity delivering the outputs. Delivery entities within the public sector are departments, ministries, Councils and some Crown entities. Delivery entities may also be non-government and private sector entities.

---

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

<u>Inputs</u>—Inputs are the resources used to produce the goods and services which are the outputs of the reporting entity. Examples include: labor, capital assets such as land, buildings and vehicles, cash and other financial assets, and intangible assets such as intellectual property.

<u>Internal outputs</u> (or intermediate outputs) —Internal outputs (or intermediate outputs) are goods or services processed by one part of an entity and delivered to another part of the same entity, or steps along the way in the entity's processes, directly contributing to the delivery of another output.

<u>Management systems</u>—Management systems are the supporting systems and policies used by an entity in conducting its business. Examples include:

- An entity's financial management system and its accounting policies;

- The personnel system, including personnel policies and procedures; and

- Internal monitoring and reporting system.

<u>Outcomes</u>—Outcomes are the impacts on, or consequences for, the community resulting from the existence and operations of the reporting entity. Desired outcomes provide the rationale for action and are the basis on which decisions should be made concerning the outputs as part of the range of possible interventions.

<u>Output class or group</u>—For external reporting and appropriation purposes, individual outputs are often aggregated into output classes or groups of outputs that are similar in nature.

<u>Outputs</u>—Outputs are the goods and services produced by the reporting entity.

<u>Ownership performance</u>—This is the performance that the owner expects of an entity. Commonly, the owner is interested in:

- The scope of the entity's business activities (its range of outputs);

- Maintaining and/or strengthening of organizational capability (physical, human and financial capital);

- Financial performance; and

- Risk management.

<u>Performance measures</u>—Performance measures are the characteristics of outputs that are important to the purchaser and establish how an entity's delivery of its outputs will be assessed. Performance measures commonly relate to some or all of the following characteristics:

- Quantity;

- Quality:

- Timeliness;

- Location; and

- Cost or price.

<u>Performance targets or standards</u>—Performance targets or standards describe the precise levels of performance that are to be delivered or achieved within the performance period (usually a year). Performance targets can be expressed as numbers, percentages or ratios, and/or point estimates or as a range.

<u>Processes</u>—Processes are the practices and methods adopted by an entity to convert inputs into outputs. Examples include:

- A call centre that provides information and advice; and

- Assembling documentation to issue a court summons.

<u>Purchase performance</u>—This is the performance that a funder expects of the purchaser — for example, the performance that a Minister expects from a department in relation to delivery of outputs, or that ratepayers expect from their Council.

<u>Purchaser</u>—A purchaser is the entity who is specifying and contracting with the delivery entity for the outputs they wish to purchase. The purchaser might be Government that purchases outputs on behalf of the community. However, other entities or individuals may be the purchaser in situations where competitive outputs are provided to third parties.

<u>Service performance reporting</u>—Reporting of the performance of a delivery entity in providing the outputs, as specified, to the purchaser.

<u>Significant activities</u>—Another term for outputs/output classes.

<u>Significant objectives</u>—Another term for outcomes.

South Africa

The research identified the following glossary, including descriptions of the terms used throughout the South African performance reporting environment [21]

<u>Accessibility Indicators</u>—Explore whether the intended beneficiaries are able to access services or outputs.

<u>Accountability documents</u>—Documents that executive authorities use to give "full and regular" reports on the matters under their control to Parliament and the provincial legislatures in terms of the Constitution. They include plans, budgets, in-year reports and annual reports.

<u>Activities</u>—The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes.

<u>Adequacy indicators</u>—The quantity of input or output relative to the need or demand.

<u>Baselines</u>—The current performance levels that an institution aims to improve when setting performance targets.

<u>Cost indicators</u>—the overall cost (or expenditure) of producing a specified quantity of outputs.

---

[21]   National Treasury of the Republic of South Africa. <u>Framework for Managing Programme Performance Information.</u> Framework. Pretoria: National Treasury of the Republic of South Africa, May 2007.

Distribution indicators—The distribution of capacity to deliver services.

Economy indicators—Explore whether specific inputs are acquired at the lowest cost and at the right time, and whether production is economical.

Effectiveness indicators—Explore how well the outputs of an institution achieve the desired outcomes.

Efficiency indicators—Explore how productively inputs are translated into outputs.

Equity indicators—Explore the degree of equity and fairness with which services are provided.

Framework for Managing Programme Performance Information—A framework developed by the National Treasury that provides guidance on managing performance to national, provincial and local government.

Government-wide Monitoring and Evaluation System—A system developed by the Presidency that describes monitoring an evaluation in government.

Impacts—The results of achieving specific outcomes.

Inputs—The resources that contribute to production and delivery of outputs.

Outcomes—The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs.

Outputs—The goods and services produced by the institution for delivery.

Performance indicators—Identify specific numerical measurements that track progress toward achieving a goal.

Performance standards—Express the minimum acceptable level of performance, or the level of performance that is generally expected.

Performance targets—Express a specific level of performance that the institution, programme, or individual aims to achieve within a given period.

Price indicators—The nominal or real prices of individual inputs.

Quality indicators—The quality of the input or output measured against predetermined standards.

Quantity indicators—The number of inputs, activities or outputs.

Start and end times—When an activity is to begin and end (the delivery date).

Timeliness indicators—Indicate whether activities and outputs are on time.

United Kingdom

The research identified the following glossary within the U.K.'s *Measuring the Performance of Government Department*.[22]

---

[22] 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.

<u>Aim</u>—A summary of the overall objectives. It provides a vision statement that embraces the desired future that the organization is working towards.

<u>Best Value indicators</u>—Indicators set by the Government, which provide a picture of how well local authorities are performing overall, reflect the national interest in the delivery of local services and enable comparisons to be made between the performance of different authorities and within an authority over time.

<u>Cost-effectiveness</u>—The relationship between the resources consumed and the outcomes achieved. Cost effectiveness measures highlight how well the costs of interventions have been translated into desired outcomes.

<u>Cross-cutting program</u>—A program of activities aimed at a specific government aim, for example Action Against Illegal Drugs or Welfare to Work, which spans across the policy responsibilities of more than one Department or agency.

<u>Input(s)</u> —The resources that contribute to the production and delivery of an output. Inputs commonly include labor, physical resources, administrative services and IT systems, for example.

<u>Objectives</u>—A succinct statement of the key goal(s) being pursued over the medium to long term, reflecting the key components of the intended strategy.

<u>Overarching objectives</u>—The Government's overall key objectives, for example increasing opportunity for all and Raising productivity and Sustainable growth, taken into account by all Departments when setting their Public Service Agreement objectives and targets.

<u>Outcome(s)</u> —The ultimate impacts on, or consequences for, the community of the activities of the Government. For example, reduced crime, higher educational attainment, and improved health. Outcomes reflect the intended results from government actions and provide the rationale for government interventions.

<u>Output(s)</u> —The immediate result of Government activities e.g. numbers arrested, proportion of the population attending higher education, numbers treated by the NHS. Some Public Service Agreement performance targets may measure outputs, where outcomes are difficult to measure or are not sufficiently within the Department's control.

<u>Performance indicator</u>—Provides a proxy, where it is not feasible to develop a clear and simple performance measure.

<u>Performance measure</u>—Establishes the basis or means by which performance can be demonstrated against a robust scale.

<u>Perverse activity</u>—Activity which although it meets the individual target is contrary to the desired outcome, for example, the subsequent incineration of increased quantities of recyclable waste collected.

<u>Pooled budget</u>—A single budget relating to all the activities of a cross-cutting program, managed by a committee of Ministers, but administered by one Department.

<u>Process</u>—An intermediate stage to the delivery of outputs and outcomes that should not be regarded as ends in themselves—for example, producing White Papers, passing legislation, and setting up new programs.

<u>Program</u>—A basket of outputs that reflect a major strand of work. Programs represent an amalgamation of related outputs that can be meaningfully classified together as a comprehensive and coherent response to one or more Departmental objectives.

<u>Public Service Agreements</u>—Set out what the Government aims to achieve with the resources provided.

<u>SMART</u>—Specific, Measurable, Achievable, Relevant and Timed.

<u>Sustainable Development</u>—Ensuring a better quality of life for everyone, both now and in the future. Sustainable Development is aimed at ensuring that increased productivity and economic growth is not achieved at the expense of the environment.

<u>Target</u>—The level of performance that the organization aims to achieve for a particular activity e.g. a reduction of 5 per cent over a stipulated period. Such targets should be consistent with the SMART criteria.

United States

The research identified the following terms listed in OMB Circular A-11, Part 6: [23]

<u>Strategic Goal or Strategic Objective</u>—A statement of aim or purpose included in a strategic plan (required under GPRA). In a performance budget/performance plan, strategic goals should be used to group multiple program outcome goals. Each program outcome goal should relate to and in the aggregate be sufficient to influence the strategic goals or objectives and their performance measures.

<u>Program</u>—A "program" shall be designated to include any organized set of activities directed toward a common purpose or goal that an agency undertakes. The term may describe an agency's mission, functions, activities, services, projects, and processes, and is defined as an organized set of activities directed toward a common purpose or goal that an entity undertakes or proposes to carry out its responsibilities. The Government Performance and Results Act of 1993 requires that the Annual Performance Report (see, 31 U.S.C. § 1115) contain information on program evaluations that are relevant to the agency's efforts to achieve goals and objectives identified in its Strategic Plan or to performance measures and goals reported at the agency level. The evaluations identified should have been performed with sufficient scope, quality, and independence as defined in guidance for the Program Assessment Rating Tool (PART). The Performance Improvement Officer, established by Executive Order 13450 of November 13, 2007, will independently determine whether evaluations meet PART criteria for scope, quality and independence. Although agencies may cite rigorous evaluations commissioned independently by organizations such as the Government Accountability Office, Office of the Inspector General, or other groups, these evaluations should not completely supplant rigorous evaluations commissioned by the agencies themselves."

<u>Performance Goal</u>—A target level of performance over time expressed as a tangible, measurable objective, against which actual achievement can be compared. A performance goal is comprised of a performance measure with targets and timeframes.

---

[23]   Office of Management and Budget. OMB Circular A-11, Part 6, Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports. Washington, D.C., June 2008.

<u>Performance Measure</u>—Indicators, statistics or metrics used to gauge program performance.

<u>Target</u>—Quantifiable or otherwise measurable characteristic that tells how well or at what level a program aspires to perform.

<u>Outcome Measures</u>—Outcomes describe the intended result of carrying out a program or activity. They define an event or condition that is external to the program or activity and that is of direct importance to the intended beneficiaries and/or the public. For a tornado warning system, outcomes could be the number of lives saved and property damage averted. While performance measures must distinguish between outcomes and outputs, there must be a reasonable connection between them, with outputs supporting (i.e., leading to) outcomes in a logical fashion.

<u>Output Measures</u>—Outputs describe the level of activity that will be provided over a period of time, including a description of the characteristics (e.g., timeliness) established as standards for the activity. Outputs refer to the internal activities of a program (i.e., the products and services delivered). For example, an output could be the percentage of warnings that occur more than 20 minutes before a tornado forms.

<u>Citizens' Report</u>—A document that summarizes key performance and financial results from the prior year in a brief, user-friendly format that can be easily understood by a novice reader with little technical background in these areas.

<u>Efficiency Measures</u>—Effective programs not only accomplish their outcome performance goals, they strive to improve their efficiency by achieving or accomplishing more benefits for a given amount of resources. Efficiency measures reflect the economical and effective acquisition, utilization, and management of resources to achieve program outcomes or produce program outputs. They may also reflect ingenuity in the improved design, creation, and delivery of services to the public, customers, or beneficiaries by capturing the effect of intended changes made to outputs aimed to reduce costs and/or improve productivity, such as the improved targeting of beneficiaries, redesign of goods or services for simplified customer processing, manufacturability, or delivery.

<u>Program Assessment</u>—A determination, through objective measurement and systematic analysis, of the manner and extent to which Federal programs achieve intended objectives.

<u>Performance Budget</u>—A budget presentation that clearly links performance goals with costs for achieving a target level of performance. In general, a performance budget links strategic goals with related long-term and annual performance goals (outcomes) as well as with the costs of specific activities to influence these outcomes about which budget decisions are made.

The following terms and definitions are from the GASB's state and local government SEA reporting:

<u>Accountability</u>—The responsibility of one party to another party. In government, the responsibility of elected and appointed officials to those who elected or chose them or who provide the resources with which services are provided. Being obliged to explain one's actions, to justify what one does. Requires governments to answer to the citizenry-

to justify the raising of public resources and to explain the purposes for which they are used. Governmental accountability is based on the belief that the citizenry has a "right to know."

Action plan—The detailed plan for processes that will convert resources (inputs) into services or products. Usually consists of activities and performance processes designed to produce the outputs that are aimed at achieving desired results.

Activity—A specific action or process undertaken by an organization to convert resources to products or services (outputs).

Activity-based costing—A methodology that measures the cost of activities, assigns resources to activities and assigns activities to cost objects based on their use, and recognizes the causal relationships of cost drivers to activities.

Agency—An administrative division of government with specific functions. An organization that offers a particular kind of service, program, or assistance.

Aggregation—The bringing together of separate component parts of a performance measure, collections of information such as demographic, geographic, or by the components of an entity

Analysis—An examination to find out the reason for results; the nature, proportion, function, and interrelationship of results. A statement of the product of this process.

Balanced scorecard—An approach using multiple measures to evaluate managerial performance. These measures may be financial or nonfinancial, internal or external, and short-term or long-term. The scorecard allows a determination as to whether a manager is achieving certain objects at the expense of others that may be equally or more important.

Baseline—The level of results at a certain time that provides a starting point for assessing changes in performance and for establishing objectives or targets for future performance.

Benchmark—In the context of outcomes and performance discussion, the term refers to desired program results. It may include a target or standard for the program to achieve. It is also used to denote best practices.

Community outcome or result—A broad-level outcome affected by services, products, and explanatory factors beyond those provided by any single organization. For example, the income level of residents is affected by the economy of the area and nation, the programs of the government, their own motivation, and many other factors.

Comparable—In reporting SEA performance information, comparable means being able to be compared or suitable for comparison to provide a basis or context for assessing performance.

Comparisons—Various forms of information about reported performance measures that provide a basis for assessing the level of or changes in results. This may take various forms-for example, comparisons of reported information with (a) several earlier reporting periods, (b) targets established by the entity including targets established as part of the budgetary process, (c) externally established norms or standards of performance, (d) other parts or subunits of the same entity, or (e) other, comparable entities.

<u>Comprehensive</u>—Covering completely or broadly. Including the necessary information to communicate the major or essential aspects of an organization's performance.

<u>Consistency</u>—Conformity of information or measures over successive periods of reporting. In reporting SEA performance information consistency means measuring and reporting the same SEA performance measures in the same way from period to period.

<u>Cost-outcome</u>—The relationship between efforts (or inputs) to outcomes. Measured by indicators of the resources used or cost per unit of outcome.

<u>Cost-output</u>—The relationship between efforts (or inputs) to outputs. Measured by indicators of the resources used or cost per unit of output.

<u>Cost of services</u>—The cost, usually on an accrual basis, of providing a specific service. May or may not include indirect cost.

<u>Department</u>—A separate part, division, or branch of an organization, government, business, or school.

<u>Disaggregation</u>—Separated into component parts of a performance measure; breakouts of information-often demographic, geographic, or by the components of an entity.

<u>Economy</u>—The level or amount of resources applied to a service, especially an assessment of whether the amount applied was appropriate to produce the services considered necessary to achieve an objective.

<u>Effectiveness</u>—Producing a desired result. Effectiveness measures the degree to which predetermined goals and objectives for a particular activity or program are achieved. It may include both intended and unintended results of a program as part of the measurement of effectiveness.

<u>Efficiency</u>—The relationship between efforts (or inputs) to outputs or outcomes. Measured by indicators of the resources used or cost per unit of output or outcome.

<u>Evaluation</u>—A careful examination, analysis, or appraisal of the reasons or causes of results.

<u>Factors that influence results</u>—Includes a variety of information about the environment and other internal and external factors that might influence an SEA performance. They can be either factors substantially outside the control of the entity, such as environmental and demographic characteristics, or factors over which the entity has some control, such as staffing levels.

<u>Final outcome</u>—An end objective. The end result that is desired or anticipated.

<u>Goal</u>—The condition or state that one is striving to achieve. Usually long-term and may be beyond what might reasonably be expected to be achieved.

<u>Initial outcome</u>—The result of a product or service that occurs immediately or very soon after the product is delivered or the service is provided. For example, the initial outcome of a program to inform residents about the value of recycling might be the level of awareness the residents have after attending the program. (The long-term objective would be to increase recycling.)

Input—The amount of financial and nonfinancial resources (in terms of money, material, and so forth) that are applied to producing a product or providing a service (output). Effort is also referred to as inputs.

Intermediate outcome—A measure of results that indicates progress toward desired end results but is not itself a final outcome.

Key measure—A measure of the essential results or objectives of an organization, program, or service. A key measure provides information about the level of achievement of the major goals and objectives of the programs and services included in an SEA report.

Multiple levels of reporting—A hierarchical structure for a report that proceeds through levels (layers) from overview to detail with clearly identified links between the levels.

Needs assessment (external and internal)—Analysis of the external conditions that a program or service is (or is considering) trying to address and the external and internal factors that might affect its performance.

Objective—A statement of the condition or state one expects to achieve. An objective is realistic, measurable, and generally within the control of the organization, and time constrained.

Outcome—The basic unit of measurement of progress toward achieving desired results. An outcome may be initial, intermediate, or long-term.

Output—A measure of the quantity of a service or product provided (may include a quality component).

Perception—Citizens' and customers' feelings about conditions in the community or the operation and results of services or programs.

Performance management—A system of management used to focus decisions and activities on the clear and measurable results—as well as the costs, outputs, and outcomes—of governmental activities and actions. Its purpose is to aid the government in maximizing the efficiency, quality, and effectiveness of services and programs. Ideally, performance management is a systematic approach to managing a government that is fact-based, results-oriented, open, and accountable.

Performance measure or indicator—A quantifiable indicator of progress, achievement, and efficiency that includes: outcome, output, input, cost-output, cost-outcome, and factors that influence results.

Performance report—An internal or external report conveying information about the results of an organization's services and programs.

Policy—An adopted principle, plan, or course of action, as pursued by a government, organization, or individual.

Procedure—A particular course of action or way of doing something. The act, method, or manner of proceeding in some process or course of action; especially, the sequence of steps to be followed.

Program—Groupings of activities that provide certain products or services with a common purpose. A set of activities undertaken to realize one common purpose with an identifiable end result or outcome.

Quality—A measure of conformance of a product or service to certain specifications or standards.

Quality of life measures—Generally, community or national indicators that provide a basis for developing a comprehensive picture of overall well-being. The variables included in definitions of quality of life are diverse, complex, and wide ranging. The indicators include traditional economic measures of employment, income distribution, public safety, education, and housing, along with assessments of environmental factors, infrastructure, health, and education.

Relevant—Having a significant and demonstrable bearing on the matter at hand, to be capable of making a difference in an assessment of a problem, condition, or event. In reporting, to have a close logical relationship between the information provided and the purpose for which it is intended to be used.

Reliable—To be able to be depended on, or to be trusted, to be accurate. Information that is verifiable and free from bias and faithfully represents what it purports to represent.

Reporting period—The period of time covered by a report or an SEA performance measure, program or service included in a report-for example, quarterly or annually.

Resources (resource costs)—Costs of economic inputs used to perform activities. They include people's salaries as well as the cost of materials, supplies, equipment, technologies, and facilities.

Risk—The probability of a negative occurrence affecting the entity's performance such as the possible reduction in the well-being of citizens because of the failure of a program or service.

Risk assessment—The process of measuring and analyzing the risk associated with achieving or not achieving desired results.

Scope—The programs or services covered by a report, or the extent of a report's coverage of an organization.

SEA performance measure—A quantifiable expression of the amount, cost, or result of activities that indicate how well and at what level services are provided. SEA performance measures include measures of inputs, outputs, outcomes, cost-output, cost–outcomes, unintended consequences of programs and services, and factors that influence results

SEA report—A general purpose external report, separate from a comprehensive financial report or other general purpose external financial report, which communicates the results of programs or services to elected officials, legislative staff, citizens or citizen groups, taxpayer associations, media representatives, municipal analysts, and other interested parties.

Service efforts and accomplishments (SEA)—Measures of the resources used the effect of their use, and the efficiency with which they are used. These measures include measures of service efforts (the amount of financial and non-financial resources used), measures of service accomplishments (outputs and outcomes), and measures that relate efforts to accomplishments (cost-output and cost-outcome). SEA measures may also

include unintended consequences of programs and services and factors that influence results.

Strategies—Based on goals and objectives, a strategy is the means for transforming inputs into outputs, and ultimately outcomes, with the best use of resources. A strategy reflects the planned use of budgetary and other resources.

Target—What is stated as its intended level of results for a program or service.

Timely—Soon enough after the end of the reporting period to be useful for affecting decisions or assessments of accountability.

Trend—A measure of the direction or tendency of performance over time.

Understandability—Clear and concise enough for users to perceive and comprehend.

Unintended consequences—Significant indirect consequences, positive or negative, that occur as a result of providing a service. Normally, results that are not directly associated with stated objectives and therefore are not anticipated.

Verifiable—Capable of verification; can be proved to be true or accurate. Capable of being tested (verified or falsified) by experiment or observation

Verification—Establishment or confirmation of the truth or accuracy of information, or the process of checking the truth or accuracy of information.