

## PROGRAM EVALUATION IN BRITISH COLUMBIA IN A TIME OF TRANSITION: 1995–2000

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**Abstract:** Program evaluation has undergone a major transformation in the British Columbia government during the past five years. Although conventional program evaluations continue to be conducted in some ministries, the dominant trend is towards performance measurement. The recently passed Budget Transparency and Accountability Act mandates strategic and business planning, performance measurement, and public reporting. This article identifies nine issues that need to be addressed if public performance reporting is to mature into sustained performance management in the B.C. government. Given resource scarcity and the organizational and political culture, it will be very challenging to implement performance-based public accountability in B.C.

**Résumé:** Au cours des cinq dernières années, l'évaluation de programme de la fonction publique de la Colombie-Britannique a subi une importante transformation. Bien que les évaluations de programme conventionnelles continuent à être réalisées dans quelques ministères, la principale tendance va vers la mesure du rendement. Une loi adoptée récemment (*Budget Transparency and Accountability Act*) impose la planification stratégique et financière, la mesure du rendement, et l'obligation de rendre compte au public. L'article met en évidence neuf questions dont il faudra s'occuper si les rapports publics du rendement doivent déboucher sur la gestion soutenue du rendement dans le gouvernement de la Colombie-Britannique. Étant donné la rareté des ressources et l'esprit prévalent dans l'organisation et la pratique du gouvernement, il sera difficile d'appliquer la reddition publique de comptes sur la base du rendement dans cette province.

█ The spring 2000 session of the British Columbia Legislature marked the passage of Bill 2, the Budget Transparency and Accountability Act. This act mandates public performance reporting for all B.C. ministries and agencies, and is the latest in a series

of changes that have collectively transformed program evaluation in the provincial government.

This article will describe and analyze the changes to program evaluation and evaluation-related activities since 1995 in B.C., and will offer observations about the future of evaluation activities in that province. It is clear from the changes that have occurred that the nature of program evaluation in the British Columbia government will in future differ greatly from the pattern before 1995, making the period from 1995 to the present a pivotal one for evaluation in B.C.

## MAJOR INITIATIVES AND EVENTS: 1995–2000

### Introducing Government-Wide Accountability and Performance Management

In 1995 the first of a series of three reports was published by the Office of the Auditor General (OAG) of B.C. and the Deputy Ministers' Council (DMC). Cumulatively, these reports describe the conceptualization, the implementation plan, and the efforts to implement a comprehensive framework across government intended to improve both the accountability and management of government departments and agencies.

The 1995 report, *Enhancing Accountability for Performance in the British Columbia Public Sector*, outlined an ambitious undertaking. The goal described therein was to design and implement a comprehensive integrated accountability and performance management framework for the whole of government. A key feature of that document, and of subsequent efforts to implement the framework, was their emphasis on defining strategic objectives for ministries, and using those in turn to guide the formulation of objectives for organizational units and the programs therein. Equally important was the emphasis on outcomes, their measurement, and mechanisms to track and report them. Ministry executives were expected to report program and organizational performance to central agencies and to the legislature, and managers were expected to be able to use performance measures for program improvement.

The accountability and performance management cycle that was envisioned as the core of this system included five phases: setting clear objectives, developing effective strategies, aligning management systems, undertaking performance measurement and reporting and, finally, real (accountability-focused) consequences (OAG &

DMC, 1996). Performance measurement and reporting included both program evaluation and performance measurement activities and was linked to the three broad categories of accountability information specified: financial, compliance, and operational.

Operational information was expected to include data on outcomes, and the linkages between resources and results (productivity, efficiency, and cost-effectiveness). Significantly, there was little emphasis on program evaluation as a means of assessing program effectiveness. In fact, the report envisioned the eventual replacement of ad hoc effectiveness evaluations with ongoing performance measurement and reporting (OAG & DMC, 1996).

### The Initiative Stalls

By 1997, in a joint report to the legislature, the OAG and Deputy Ministers' Council acknowledged that progress towards implementation was quite limited. Although some ministries appeared to be moving forward, the auditor general noted that the principal problem was lack of leadership for this initiative (OAG & DMC, 1997).

A key event in this chronology was the call for a provincial election on April 30, 1996. On the same day the minister of finance, Elizabeth Cull, announced that there would be a projected surplus in the following year's budget. The NDP was re-elected, albeit with a reduced majority, and by the beginning of July it was clear that the government would be running a substantial deficit (projected at that point to be \$235 million) in the 1996–97 fiscal year.

During the transition from the previous NDP government under the leadership of Michael Harcourt to the new Glen Clark government, there was considerable turnover among deputy ministers. Eleven of the deputies were eventually replaced or reassigned. Given the deficit, a high priority was placed on financial matters, including finding ways of reducing the costs of programs in the government. Government-wide cuts in 1997 affected the size and, in some cases, the existence of policy, evaluation, and research branches in the ministries.

### Aftermath of the 1996 “Fudge-It Budget”

By 1997 the political fallout from the 1996 budget process was sufficient to cause the Auditor General's Office to conduct a review of the events and procedures that produced the budget tabled by Fi-

nance Minister Cull on April 30. The auditor general's report, *A Review of the Estimates Process in British Columbia*, was completed in February 1999.

The government responded to the report by striking a Budget Process Review Panel to review the auditor general's report and consult widely for remedies that would improve the budgeting and financial management of the Province of British Columbia (Budget Process Review Panel, 1999). The Panel's report, *Credibility, Transparency and Accountability: Improving the B.C. Budget Process*, made recommendations intended to improve the estimates process and, importantly, also addressed the issue of accountability for results. Although there are important similarities with the original thrust of the OAG/DMC initiative, the panel clearly emphasized the use of performance measurement for accountability and placed little emphasis on internal performance management (Budget Process Review Panel, 1999).

In the Spring 2000 legislative session, the government passed the Budget Transparency and Accountability Act. The act is intended to address the recommendations made in the Budget Process Review Panel report, and includes changes to the estimates and reporting process. In addition, the act mandates strategic planning, business planning (the act refers to "performance plans"), performance measurement, and reporting for government departments and agencies.

Annual reports are expected from all ministries and government organizations and are expected to include comparisons between results achieved for the previous fiscal year and the results projected in that business plan. This act is clearly a consequence of the panel report. Significantly, that report offered the 1995 Alberta Government Accountability Act as an example of legislation that mandated public accountability and performance reporting (Budget Process Review Panel, 1999).

The effects of the events and initiatives between 1995 and 2000 have been felt throughout government, particularly the investigations of the 1996 budget estimates process. Although the OAG/DMC initiative was not implemented government wide, there was considerable ad hoc activity in the ministries. Understandably, given the resource constraints and concerns with other problems, most ministries did not make implementation of the components of a performance management system a high priority.

Managers and analysts involved tended to treat their efforts as a means of supporting better program management. Generally, performance data were not treated as elements of a public reporting process. The formative thrust of the work done between 1995 and 1999 can be contrasted with the summative implications of the public reporting requirements built into the current legislation.

## INTERVIEW METHODOLOGY AND KEY DEFINITIONS

The primary source of information for this article was personal interviews. Given the seniority of most interviewees and the need to be flexible in the questions asked, personal interviews were deemed to be the most appropriate way to gather information. In total, 28 persons were interviewed. Of a possible 19 ministries in the B.C. government, 18 were covered, and persons were interviewed in central agencies (Treasury Board & OAG) and in the Crown Corporations Secretariat.

Interviewees were chosen because they had line or staff responsibilities for the program evaluation function in their ministry. Assistant deputy ministers who were responsible for the financial management function in their ministries were included among interviewees. In addition, line managers and analysts who were directly connected with existing evaluation branches or activities were interviewed. A senior manager in Treasury Board initially suggested names of persons to contact in each ministry, and in some cases, these persons in turn suggested others that should be interviewed. The author's knowledge of some ministries resulted in additional persons being chosen.

Interviews averaged an hour in length, and all persons who were contacted agreed to participate in this study. They offered their views candidly, and in most cases shared documents that were relevant to understanding the evaluation function in their ministry or the government.

Interviewees were asked to respond to a series of questions that generally reflected the issues that contributors to this review of provincial evaluation functions were asked to address. In some cases, interviewees wanted to elaborate on an issue that was important to them, and in other cases, one or more of the structured questions proved difficult to answer given the information available.

Interviewees were encouraged at the outset of each interview to think of program evaluation broadly. Four possible kinds of evaluation-related activities were defined, including “conventional program evaluations.” These were described as ad hoc or cyclical evaluations of programs that generally included agreed-upon terms of reference; a steering committee to guide the process; a systematic data collection phase; data analysis (qualitative, quantitative, or both); a report of findings, conclusions, and (usually) recommendations; and delivery of the report to the client(s) who had commissioned the study.

Three other kinds of evaluation activities were included: program reviews, which have been a principal part of the mandate of the Program Review Branch of Treasury Board; performance measurement and business planning; and performance auditing.

Program reviews in B.C. are similar to conventional program evaluations because they begin with a focus on a particular program, strike a set of terms of reference, and proceed with the study. They differ because their purpose is generally known in advance, namely, reducing the costs of programs that are reviewed. In addition, reviews tend to be briefer than conventional evaluations. Although programs that are targeted for reviews are negotiated between Treasury Board and the ministry involved, the thrust of such reviews is generally summative; that is, they identify implications for the resourcing or even the existence of the programs.

Until the passage of the Budget Transparency and Accountability Act (2000), performance measurement and business planning in British Columbia had tended to be decentralized. Although the OAG/DMC initiative envisioned business planning, performance measurement, and reporting government wide, most ministries did not go this far. Those that did, however, committed themselves to developing corporate performance targets and measures of their achievement. In fact, some ministries began to produce annual reports (for example, Ministry of Municipal Affairs, 1999), as had been envisioned in the original government-wide plan.

In other ministries, managers and analysts worked at the task of creating performance measures for programs, and tended to view this endeavour as a means of improving the management of programs for which they were responsible. Like formative program evaluations, this vision of constructing and using performance meas-

ures emphasized the role of performance measurement as a means of improving the management of existing programs without raising questions about their existence.

Performance auditing has been a major activity of the Office of the Auditor General in B.C. Although the 12 attributes of effectiveness framework originally proposed by the Canadian Comprehensive Audit Foundation (CCAF) (1987) have been used in some management advisory reviews of ministry programs and business units, performance audits have focused on the economy, efficiency, and managers' representations of the effectiveness of programs or organizations. The CCAF 12 attributes was one of the frameworks that influenced the structure of the accountability framework proposed in the joint initiative of the Office of the Auditor General and the Deputy Ministers' Council (1996).

In addition to the work done by the auditor general, the Office of the Comptroller General (OCG) in the Ministry of Finance and Corporate Relations has played a significant role as a government-wide corporate resource for auditing programs and organizational units in the ministries. Budget reductions in ministries between 1995 and 1997 resulted in reductions to ministry-level capacity to conduct internal audits. Instead, ministries are now expected to contract with OCG for auditing services. As the findings indicate, some ministries have relied on the audit capabilities of the comptroller general to increase the credibility of assessments of their programs and operations.

## FINDINGS

### Government Policies for Evaluation Activities

Until the Budget Transparency and Accountability Act was passed, there was no government-wide policy for program evaluation or evaluation-related activities. The act designates Treasury Board as the agency that is responsible for specifying the form and content of the business plans (performance plans for the 2001–2004 period), performance measurement regimes, and public reporting requirements. Within Treasury Board, the Program Review Branch (PRB) has been designated as the lead in developing guidelines for the ministries. The first such guideline, *Guidelines for Business Plans 2000/2001*, was prepared in February of this year by the PRB, in consultation with the Council of (ministry) Executive Financial Officers (Treasury Board, 2000).

Most ministries have not had evaluation policies up to this point. Those that have, vary in whether and how the policies are applied. The Ministry of Environment, Lands and Parks, for example, developed a policy in 1995 that included a requirement for periodic program evaluations to assess the adequacy of a program's rationale, objectives, design, delivery, and results (Ministry of Environment, Lands and Parks, 1995). A combination of changes in corporate direction and downsizing meant that after 1996 very few program evaluations were done.

In contrast, the Ministry of Social Development and Economic Security (MSDES) has sustained both the capacity and a corporate commitment to undertake program evaluations across the 1995–2000 period. A recent reorganization of government departments has resulted in the Skills Development Division of the Ministry of Advanced Education, Technology and Training (MAETT) being moved to MSDES. There had been a commitment to evaluating the programs operated by that division when it was a part of MAETT, and that policy will continue. Several of the programs in the division are jointly funded by Human Resources Development Canada (HRDC) and the B.C. government, and HRDC also has a policy of evaluating all jointly funded federal–provincial programs.

The Ministry of Health has undergone a major transformation as funding for program delivery has been transferred to the Regional Health Authorities, which were created in 1997. Essentially, the Health Authorities (11 regional health boards, 34 community health councils, and 7 community health service societies) have assumed responsibility for most ministry programs.

During the transition process, the Research and Evaluation Branch of the Ministry of Health undertook the development of documentation and guidelines to facilitate the regional bodies in developing the capacity to do program evaluation and performance measurement. Among the documents produced, *Health Service Outcome Reporting: A Guide for Health Agencies* (1996b) was intended to provide managers and analysts in the Health Authorities with information to produce health outcome reports, which were mandated at that time. A companion document, *The Evaluation Framework Reference Guide* (1996a), was also intended for the health agencies in the province.

These guides, together with others produced at that time, were effectively shelved when the ministry downsized and reorganized the evaluation function. Between 1994 and 1998, two evaluation-related

branches (Research and Evaluation and Strategic Management Services) were eliminated and a new one was formed, reducing evaluation-related staff from the equivalent of a combined 15 full-time persons to 3 persons.

### Resources for Evaluation-Related Activities

Overall, there was a significant reduction in the resources available across the B.C. government for evaluation-related activities between 1995 and 2000. The deficit budget in 1996–97 coincided with a general reduction of the scale of policy, research, and evaluation units in many ministries. Among the ministries, examples of significant reductions in or even the elimination of evaluation-related enclaves included the Ministry of Agriculture and Food, the Ministry of Environment, Lands and Parks, the Ministry of Health, and the Ministry of Transportation and Highways.

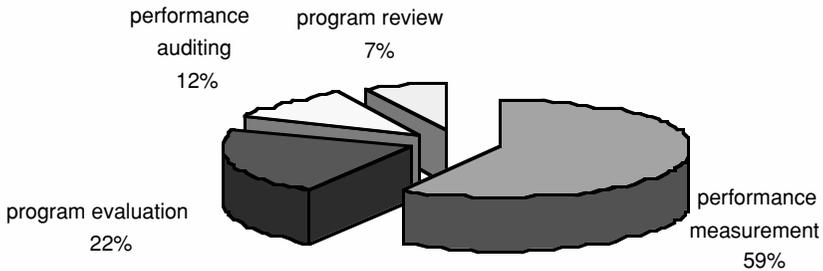
On the other hand, the Ministry of Social Development and Economic Security actually expanded the scale of its evaluation functions. The recent reassignment of the Skills Development Division from MAETT to MSDES marked an increase in MSDES evaluation capacity. Other ministries (Attorney General, for example) have maintained their level of resources across the five-year period.

Because the number of full-time equivalent employees assigned to evaluation activities needs to take into account the size of the ministry to make it a useful measure of capacity, interviewees were asked to visualize a pie chart that represented the total resources committed to evaluation-related efforts in their ministry at the present time.

Each person was then asked to divide the pie among the four kinds of activities described earlier in this article. Overall, respondents from 9 of the 18 ministries were comfortable with this exercise and offered a percentage of effort for each type of activity. When the pie charts are averaged across the nine ministries, performance measurement/business planning dominates. Figure 1 displays the averages for the four kinds of evaluation activities.

Among the four types of activities, performance measurement and business planning was the only category that figured in all the ministries that responded to this question. In other ministries that did not offer a percentage breakdown in effort, the dominant activity they reported was performance measurement, suggesting that, over-

**Figure 1**  
**Allocation of Resources among Evaluation-Related Activities in Nine B.C. Ministries, 2000–2001**



all, evaluation activities have tended towards performance measurement and business planning in B.C. ministries.

Interviewees were also asked to project the nature of evaluation-related activities in the next three to five years in the B.C. government. Nearly all respondents predicted an increase in performance measurement activities. Many cited the Enns Report (1999) and the current legislation as well as Treasury Board's push to prepare business plans for the 2001–2004 period as indications that performance measurement will be the principal activity in their ministries.

Several ministries (Ministry of Social Development and Economic Security, and Ministry for Children and Families, for example) pointed out that if partnerships with the federal government increase in importance, there will also be more conventional evaluations. Performance audits are not widely used by ministries, and generally, little growth was seen in this type of activity. Program reviews appear to be on the agenda primarily because the Program Review Branch of Treasury Board has a mandate to conduct them. There is little evidence of ministries taking up this activity on their own, now or in the future.

#### Perceived Strengths and Weaknesses of Evaluation Activities in the B.C. Government

Each of the four types of evaluation-related activities included in this description had adherents among the persons interviewed. Cor-

respondingly, interviewees were willing to offer their assessments of other evaluation approaches, including rationales for preferring one approach to others. Reviewing these comments offers a practitioner's perspective on the perceived strengths and weaknesses of each.

### Conventional program evaluations

Continued commitment to conventional program evaluation tended to be tied to partnership agreements with the federal government. In the Ministry of Social Development and Economic Security, for example, half of the program evaluations planned or underway in the Skills Development Division were funded in whole or in part by HRDC.

Several respondents pointed out that their federal counterparts insisted on program evaluations of joint programs, and in the case of HRDC partnerships, there was a perception that research designs needed to include comparison groups to help sort out the incremental impacts of the program. This requirement tended to be viewed with some scepticism because problems with data quality sometimes mitigated the advantages of including comparison groups in the evaluation design.

Among the persons interviewed, there were several kinds of negative comments about conventional program evaluations. One respondent referred to program evaluation as "academic evaluation from the 1970s and '80s." Another person pointed out that program evaluations are not really practical for large, ongoing programs wherein there is no opportunity to construct comparison groups, and hence no convincing way to resolve the attribution problem. Instead, evaluations can be used for pilot programs where the scope of the program and the setting are more likely to facilitate sorting out the actual impacts of the program.

A third kind of criticism focused on the time and resources that it takes to complete a conventional evaluation. One respondent suggested that in his ministry a typical evaluation cost \$40,000 "and you can do a lot of performance measurement for that amount of money." Program evaluations were seen as taking too long to be timely for decision-making, and in the turbulent environment that characterized the 1995–2000 period, there was often a need for information quickly.

Ministries that were conducting conventional program evaluations tended to rely on external evaluators (contractors) to do the work. The Skills Development Division of MSDES, for example, had contracted out 9 of the 11 program evaluations underway as of April 1999.

The exception to this generalization was branches where program evaluators relied on existing administrative data sources to measure program impacts. The Economic Analysis Branch of MSDES, for example, has a principal role in maintaining the database of ministry clients on social assistance. The case files have been automated so that program interventions can be assessed for their impacts on the social assistance dependence of ministry clients.

Two interviewees mentioned projects underway to link databases from several B.C. ministries, creating the capacity to construct multivariate models that will predict dependencies on social assistance programs, for example, from health and education data. Their view was that as administrative databases are linked, ad hoc program evaluations that consume time and money to gather data will become less necessary.

### Performance Measurement and Business Planning

The current emphasis on business planning and performance measurement in B.C. was intended to be a part of the 1995 OAG/DMC initiative. In one sense, the current push can be seen as a continuation of the direction charted five years earlier.

Generally, there is a strong belief that strategic planning, business planning, performance measurement, and reporting are permanent features of the administrative and political landscape in B.C. The Alberta experience informed the report of the Budget Process Review Panel, and several interviewees indicated that examples of business plans from Alberta provincial ministries were being circulated among B.C. ministries.

Performance measurement is clearly in the ascendancy, and interviewees offered a number of reasons why they preferred it to alternative evaluation approaches. Several respondents pointed out that although performance measurement generally does not resolve the attribution question, neither do most program evaluations. Interviewees also saw performance measurement as offering the capability of putting together timely information that tracks programs for a relatively low cost, and hence being more cost-effective than

program evaluation. Although judgement is required to interpret performance data, that process is similar to the kind of judgement exercised by managers in their daily work, so performance measurement is seen as an accessible tool for managers to use.

Persons interviewed did acknowledge several problems with performance measurement. First, most available data are focused on program processes or outputs, and although there is general recognition that measuring outcomes is the ultimate goal, it is not clear how that goal will be reached, particularly in a resource-poor environment.

Second, and related to the first problem, in most ministries the data that are included in performance measures are decentralized and generally must be organized and reported by the managers themselves. In addition to the costs of periodically having to marshal data for performance purposes, there is a problem that will become more important once performance reporting for accountability is a reality next year. As one interviewee put it, the existing self-reporting process is “a huge flaw in the system that is being put in place.” If managers are expected to gather and report data that they know will be used for accountability purposes, it is likely that they will perceive incentives to make the data as favourable as possible. This problem is deepened by the goal of reporting program outcomes, which most managers see as being beyond their effective control, and hence their responsibility.

Another related problem mentioned by several respondents was meshing the “top-down” versus “bottom-up” approaches to performance measurement that will exist in B.C. ministries. Clearly, the Enns Report (1999) and the recently enacted legislation have emphasized the importance of public accountability in developing measures and reporting results. However, in most ministries the existing efforts to create performance measures have been focused on program improvement. The expectations and incentives associated with the existing formative approach to performance measurement are different and potentially at odds with the expectations of a reporting process that results in a public document scrutinized in the legislature.

### Performance Audits

Although most ministries did not indicate much activity in this area, there were exceptions. The Ministry for Children and Families, for example, uses the services of the Office of the Comptroller General

to audit programs where compliance with regulations is a key issue. The audits conducted by OCG also focus on the economy and efficiency of those programs, and generally, OCG audits are seen to be more credible than internal audits.

The mandate of the auditor general of B.C. includes auditing programs and agencies for their economy, efficiency, and management representations of effectiveness. The B.C. Auditor General's Office has also attempted to use methodologies that are rooted in the CCAF 12 attributes of effectiveness as a way to further program and agency self-assessments (CCAF, 1987). As the OAG/DMC initiative was undertaken in 1995, some ministries were working on evaluation frameworks that incorporated the 12 attributes of effectiveness. For example, the Ministry of Health publication *Health Service Outcome Reporting* (1996b) linked 12 key questions for assessing health program outcomes to the 12 attributes of effectiveness.

### Program Reviews

Program reviews were generally not seen to be a part of ministry evaluation activities, except where programs were being reviewed by the Program Review Branch in Treasury Board. These evaluations are seen to be summative, having substantial consequences for the continued viability of the programs in questions. Because the agenda is usually cost reductions, any program subjected to a review is seen as a potential target for budget cuts.

## Role of Central Agencies

### Role of Treasury Board

The (then) Analysis and Evaluation Branch (AEB) of Treasury Board was a key player in the original OAG/DMC initiative. Initially, in 1995 and into 1996, the AEB was involved in coordinating the ministries and serving as a secretariat to subcommittees of the DMC that were created to make progress on a number of fronts.

One of the initiatives coordinated by the AEB was the negotiation of agreements to create special operating agencies (SOAs). Negotiations resulted in agreements to create four agencies: the Royal B.C. Museum, Tourism Marketing, Business Registries, and the Division of Vital Statistics. These agencies were intended to be the first of a series that would embody the principles in the performance management and accountability initiative.

Each SOA agreement was negotiated between the agency in question and the ministry in which it was located, with the assistance of the AEB. Agreements typically included requirements to develop and work within three-year business plans, set annual performance targets, identify measures of their achievement, and report on the outcomes achieved each year.

In addition, SOAs were permitted to do their own purchasing, would not be subjected to any “mini-budget” mid-year clawbacks, and would need to produce a cumulative real saving to the provincial government of approximately 15% over three years. Managers were given more authority to organize and run their operations in exchange for the accountability built into the multiyear agreements.

In 1997 the AEB was preparing to expand the number of SOAs by negotiating another three agreements. That initiative was frozen when the AEB was reorganized; initially called the Program Management Branch, in 1998 it was renamed the Program Review Branch (PRB). The initiative has not been revived since.

Between 1997 and the present, the PRB has been conducting program reviews and has continued the responsibility for chairing a performance measurement resource team of managers and analysts across government. The resource team is intended to continue some of the work that had been started when there was general support for the government-wide initiative. Monthly meetings have offered those who are working on performance measures opportunities to share their challenges and successes.

More recently, the Enns Report (1999) has thrust the Program Review Branch into a pivotal role with respect to the implementation of the proposed Budget Transparency and Accountability Act. The act names Treasury Board as the agency responsible for making policies and regulations regarding accounting practices and the form and content of the documents that are required to be made public under the act (Government of British Columbia, 2000).

The second requirement in particular falls within the mandate of the PRB, and it has already taken the lead role in defining the requirements for the current 2000–2001 business plans and for the 2001–2004 performance plans. It is likely that implementing the requirements for strategic planning, business planning, performance measurement, and public reporting will require training for the min-

istries and monitoring of the plans and reports that are produced. Neither the PRB nor the Executive Financial Officers Council, which has been designated as responsible for training, currently has the resources to do this task. For the PRB, taking on a substantial new role *vis à vis* the act may produce situations where the existing program review mandate with its summative thrust will compete with a more supportive skill-building role.

### Role of the Office of the Auditor General

The Office of the Auditor General has played a key role in framing and leading the transition from a regime wherein ad hoc program evaluations conducted by ministries primarily for internal purposes have given way to business plans and performance measures for programs and organizations. In one sense, the 1995 OAG/DMC initiative has come full circle. From a beginning where there was a commitment from the bipartisan Public Accounts Committee of the Legislature to endorse the development and implementation of a government-wide accountability and performance management framework, through several years where government support waned, to the present Budget Transparency and Accountability Act, key parts of the original agenda now appear to be a high priority of the government.

Through the events that led to the Enns Report (1999), the Auditor General's Office was generally viewed by key stakeholders as the one organization having the authority and credibility to sort out the contending views and offer sound recommendations to remedy the apparent flaws in a budget process that produced the 1996 estimates.

The 1995 initiative, with its dual emphasis on accountability and performance management, is clearly consistent with major features of the new public management. Borins (1995) in his summary of key tenets of this movement emphasized increasing the autonomy of public managers, particularly from central agency controls, while measuring and rewarding individual and organizational performance.

Clearly, elements of this vision of public management can be mapped onto features of the joint OAG/DMC initiative. The creation of special operating agencies, for example, fits well with key values of the new public management. What is not clear at this point is how the current emphasis on public accountability will affect ministries' efforts to assume ownership of what is currently a top-down initiative. Indeed,

the efforts to balance accountability with improvements to management in the original initiative can be seen as a way to balance the incentives to managers to buy into the system.

The Office of the Auditor General plays an important role in the Budget Transparency and Accountability Act. First, the minister of finance and the auditor general must prepare an annual public report on the implementation of the recommendations from the final report of the Budget Process Review Panel (1999). Second, the auditor general must report annually to the legislature on the summary financial statements of all government departments and agencies covered by the Budget Transparency and Accountability Act. The first of these obligations in particular can be seen as an extension of the role that the Office of the Auditor General has played in the past three years, with respect to reviewing the 1996 estimates process.

Over the past five years, the auditor general has repeatedly pointed to the importance of the legislative committees of the Legislative Assembly as a key player in the accountability process for government. In the 1995 joint OAG/DMC report, mention is made of the Public Accounts Committee and its roles. The issue is raised as to whether the other standing committees need to become more active, offering increased capacity to scrutinize the expenditures and operations of ministries in the government.

That same theme is struck in George Morfitt's final report as auditor general of B.C. In that report, Morfitt summarizes his concern that legislative committees are not fulfilling their potential:

There are various ways by which the Assembly can scrutinize government performance. Question period and the Estimates debates are two high-profile ways. Legislative committees are another less visible but potentially more effective way. In British Columbia, however, such committees are seldom used to the degree that they could be. They are constrained from doing so by the rules that guide them. Although legislative committees are established under the same authority as the Legislative Assembly, in practice it is the government, with the support of the majority of elected members which decides on the rules ... In a number of other jurisdictions, legislative committees are given the mandate, resources and struc-

ture they need to hold government to account. (Auditor General of British Columbia, 2000, p. 9)

The Budget Transparency and Accountability Act is largely silent on the role of house standing committees. One measure of the willingness to embrace accountability fully would be to strengthen the role that these committees have in examining ministry business plans, performance reports, and explanations for variances between what was intended in a given fiscal year and what was achieved.

The Budget Process Review Report recommended that the roles and responsibilities of house standing committees be reviewed and reformed (Budget Process Review Panel, 1999). Expanding the role of standing committees raises issues for the nature of accountability itself. Although nominally accountable for the activities of their ministries, ministers may not in future see themselves as being in the front line when it comes to scrutiny of a department's outcomes.

## ISSUES FOR IMPLEMENTING PUBLIC PERFORMANCE MEASUREMENT AND REPORTING

A commitment to performance measurement will raise a number of issues for legislators, managers, and organizations in the B.C. government. These will need to be addressed to successfully move to an environment wherein reliable and valid performance data on intended outcomes are available, are compiled into reports that address performance targets and accomplishments, and are used by executives and the Legislative Assembly to scrutinize the operations of ministries.

### Leadership

The first and perhaps most important issue is leadership. The earlier accountability and performance management framework ultimately foundered because it was not a high priority for the government or many of the deputy ministers after the election of 1996. In Treasury Board, there was turnover at the deputy minister level and, ultimately, a change in the leadership and direction of the branch that had principally been responsible for providing policy guidance and co-ordination across the ministries. By 1997, the initiative had slowed and the progress that was being made was generally in ministries where the deputy minister continued to make this a priority.

In the current situation, legislation has been passed to signal government commitment to performance measurement and accountability reporting. However, leadership at the ministry level will be critical to implementing the legislation. Given the fiscal situation, many ministries will have to maintain or enhance resources for this function when their overall resources are likely to be reduced in the near term. Within the Program Review Branch of Treasury Board, it is equally important that leadership be evidenced in the way that policies, work with the ministries, monitoring of business planning, performance measurement, and reporting are carried out.

### Conceptual Framework

There is a problem with the conceptual framework for performance measurement outlined in the Enns Report (1999) and the Budget and Transparency and Accountability Act. There appears to be an assumption that if we measure the performance of organizations, we can assume that program performance within those organizations is known. Thus, if a ministry is meeting its performance targets, we might conclude that its programs are also performing well.

Although this assumption simplifies the task of measuring performance, it is not the case that one level of analysis is equivalent to the other. Knowing how ministries are performing is not equivalent to knowing how their programs are performing, or vice versa.

This levels-of-analysis problem can be extended. Performance measurement can also focus on how well individuals are doing in an organization or a program. Again, it might seem reasonable to assume that if an organization is performing well, then the people are also performing well. But as managers know, there is more to effective organizations than the programs and the people who deliver them.

It is fallacious to assume that knowledge of performance at one level implies knowledge of performance at other levels. To fully measure performance, it will be necessary to measure it at each level in the organization (individual, program, organization as a whole) in order to obtain a credible picture of how well the organization is doing.

### Resources

A third issue is more practical: resources are required to develop and sustain performance measurement systems that will produce credible public reports. As ministries commit to strategic planning,

business planning, and performance measurement, it will be necessary to invest time and money in building an understanding of the process, and it will also be necessary to invest in personnel to coordinate and manage these tasks. Although the Program Review Branch of Treasury Board has been designated as the lead in developing policies for implementing the performance measurement and reporting requirements of the Budget Transparency and Accountability Act, it is unlikely that that unit has sufficient resources to support ministries as they implement the requirements of the act.

In 1997, when the government reduced expenditures, one function that was expendable was ministries' capacities in the areas of policy, research, and evaluation. Now, with an emphasis on performance measurement and reporting, it may well be necessary to reallocate resources away from other functions to this new priority, in a time of diminishing resources overall.

### Mid-year Budget Revisions

A fourth issue is also related to resources and budgeting. In the past several years, it has been necessary on several occasions to implement "mini-budgets" that typically have involved spending freezes and clawbacks across the government. Several interviewees pointed out that multiyear business planning suggests a more stable fiscal environment wherein government revenues and expenditures are known and maintained. Some scepticism about this prospect was evident.

### What to Measure?

A fifth issue is the challenge of measuring program and organizational outcomes. A common theme among the persons interviewed was their recognition that, in many program areas, it will be very challenging to measure outcomes. In fact, even if outcomes can be measured, it will be challenging to link program outputs to these outcomes. In the Ministry of Environment, Lands and Parks, for example, efforts are underway to link the ministry's programs to 12 annually published indicators of environmental quality (Ministry of Environment, Lands and Parks, 1998). However, plausibly linking ministry programs to trends in stratospheric ozone depletion, for example, is a challenge.

In many social program areas, outcome data do not exist, or if they exist, the indicators are not plausibly connected to particular pro-

grams or even to the strategic objectives of a given ministry. Gathering outcome data is acknowledged to be one of the “future problems” that will need to be resolved for such programs.

In New Zealand, where there has been a sustained commitment since 1989 to contracting for and managing to performance targets, there has been limited progress towards including outcomes in the performance management process. Schick (1996) summarizes the problem this way:

The New Zealand version of accountability currently has more to do with purchase than with ownership, more with producing outputs than with the overall capacity of the department, more with whether managers are meeting specified targets than with whether public programmes are effective. Policy outcomes are outside the managerial accountability framework; they are considered matters of ministerial responsibility and political judgement. (p. 104)

The question that is raised is whether, and what, incentives exist for measuring outcomes. Given attribution problems, managers will tend to opt for results that are tangible and are manageable. Given the costs of measuring outcomes for many programs and ministries, the perceived costs may simply outweigh the benefits, auguring poorly for the prospect of moving beyond outputs as performance measures.

### Who Measures Performance?

A sixth issue relates to who actually measures the performance of programs and organizations. Several persons interviewed referred to the “self-evaluation problem,” that is, the dilemma that managers will face as they are expected to gather and report data about their own programs that may be included in public performance reports. Most managers who have participated in efforts to measure performance have done so with the expectation that these data will be used internally as a tool to manage performance. With the passage of the Budget Transparency and Accountability Act, the incentives they face are transformed.

Because their own well-being is now potentially connected to the data they collect, managers have a strong incentive to manage the data from their programs so that the outputs and outcomes tell a

favourable story. Exhorting managers to behave with integrity in such situations may have a salutary short-term effect on behaviour, but the more powerful influence will be how their data are actually used to assess their programs and themselves.

### Eliciting Buy-In

The seventh issue is buy-in, particularly below the executive level of organizations. This issue also involves incentives for persons who are in a position to either facilitate the development and production of performance data, or impede it. One of the intended incentives built into the 1995 joint initiative was the prospect of trading managerial discretion for increased accountability. In fact, by 1997, in the third joint report, the auditor general and the DMC acknowledged that with the exception of the special operating agencies, little had changed as far as managerial discretion was concerned (OAG & DMC, 1997).

In the current situation, even though the act emphasizes public accountability and reporting, it will be essential that organizations develop the capacity to manage performance in order to sustain this system. If the public reports and their consequences are not connected to how ministries respond, the situation will become a liability for the government of the day.

There are at least two contradictory trends that may influence how ministries respond to the challenge of adapting to performance management. The B.C. government is undertaking a government-wide benchmarking of financial management functions. The goal is to improve the efficiency of a wide range of procedures that are used to conduct transactions involving revenues or expenditures. One example of a financial transaction that was cited in several interviews was the processing of travel claims. Each claim is scrutinized up front, to ensure that it complies with regulations, before it is paid.

That procedure is relatively costly and the benchmarking study has indicated that a more cost-efficient alternative would be to process claims as they are submitted and then audit random samples of claims after the fact. A change to this option would move away from a compliance-focused accountability regime to one based on the assumption that most claimants are willing to comply with regulations. Although this is a small example within a much broader initiative, there appears to be a willingness to increase the level of responsibility that individuals have with respect to financial activities.

In contrast, the Human Resources Development Canada experience suggests that there is a strong appetite in the public domain for focusing on the extent to which all transactions in a program comply with policies and regulations. In the British Columbia political culture, it will take strong political leadership to be willing to accept responsibility for actions within ministries that collectively may be more efficient and effective, but examined one by one may not all conform to every relevant regulation.

### Engaging Legislators

The eighth issue is how information that is produced and ultimately reported to the legislature will be used. The auditor general has pointed out (Auditor General of British Columbia, 2000) that there is a need to expand the mandate and resources of legislative committees. The problem is that when the annual reports are tabled, there will be a limited capacity to review them in the detail that is needed to be able to link the reports to ministry objectives, past and present accomplishments, and the resources that are allocated among objectives. Although the Public Accounts Committee can take on this task, the time needed to conduct detailed reviews of all these reports could result in some ministries or crown corporations receiving far less scrutiny than others.

Expanding the role of other legislative committees would make it possible to divide up the task of reviewing performance, and increase the likelihood that each ministry would be scrutinized carefully. That, in turn, would send a signal that all annual reports must be prepared so that they are defensible. Overall accountability would be advanced more quickly as a result.

### Who Will Be Accountable?

Expanding the role of standing committees would also raise issues for the nature of accountability in the B.C. government. Although nominally accountable for the activities of their ministries, ministers may not in the future see themselves as being in the front line when it comes to scrutiny of a department's outputs or outcomes. Indeed, creating opportunities to question ministry personnel about the results of business plans could be seen as a positive step for improving accountability, but it could obscure the relationship between appointed and elected officials in government.

An important issue for the success of this enterprise is whether and how ministers participate in the process of developing strategic and

business plans and monitoring progress towards yearly targets. Ministerial buy-in would clarify accountability relationships between appointed and elected officials. An absence of ministerial participation would create the potential for exposing ministry executives and others to scrutiny in situations where responsibility, and hence accountability, is disputed.

## WHITHER PROGRAM EVALUATION?

It is clear that the current B.C. government has decided to adopt a public accountability approach that relies on performance data to assess whether objectives for programs and organizations are being achieved. The emphasis on multiyear business planning, setting yearly performance targets, measuring progress towards them, and public reporting of the results is similar to the approach taken in Alberta beginning in 1995. Although program evaluations will continue to be done in B.C. ministries, the dominant activity now and in the near future will be performance measurement.

Program evaluation, as practised by most consultants and in-house staff in B.C. ministries, has played and continues to play a role for assessing programs, but it is no longer the dominant approach. In fact, in some ministries there is little or no program evaluation activity at present. Branches with evaluation expertise have been downsized, in some cases radically. Only a fraction remains of the capacity that existed earlier. In effect, there are now a limited number of persons who can even speak knowledgeably about program evaluation or point out to senior managers the relative strengths of different approaches to assessing programs.

Advocates for performance measurement point out that program evaluations generally did not deliver the often-cited resolution to the attribution problem for programs. Existing research designs are generally quite limited and do not have the capacity to convincingly distinguish program accomplishments from rival explanations. The “promise” of program evaluation has not lived up to its performance. This problem has affected the credibility of program evaluations and is similar to the problem of “promise versus performance” that has been discerned for the federal program evaluation function (Muller-Clemm & Barnes, 1997).

Federal–provincial partnerships will continue to generate a need to conduct program evaluations in B.C. These agreements entail a com-

mitment to evaluating the programs using a model that requires structured evaluations. Ministries that have agreements with federal departments will need to maintain the capacity to participate in such evaluations, even if their role is to share the responsibility with their federal counterparts to manage evaluations while contracting out the actual work.

The current commitment to performance measurement carries with it some substantial issues that need to be addressed. The current enthusiasm tends to be premised on the “promises” of performance measurement and annual reporting. It will be several years before the “performance” of business planning and performance reporting in B.C. can be assessed. However, it is clear that the environment into which this initiative is being launched is one that is not only very limited in terms of resources, but also highly polarized politically. Making the government more publicly accountable will create more opportunities for criticism. Whether that criticism will mature into a more responsible evidence-based governance process remains to be seen.

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