

State of Ontario's Municipal Performance Reports: A Critical Analysis
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In 2000, Ontario became the first state or province in North America to mandate a municipal performance measurement program [MPMP] for all municipalities. The latest Program Handbook for the Province of Ontario (2007), states the four major benefits of performance to be enhanced accountability, cost effectiveness, improved performance and innovation. The underlying rationale for mandating MPMP is stated in the handbook as follows: "It is important that elected officials and public servants tell taxpayers what the government plans to achieve, what it is actually accomplishing and what public services cost" (5). In an assessment of Ontario's efforts published in the Government Finance Review, Burke (2005) also reiterated that the point of Ontario's municipal performance measurement program was to improve local accountability by informing citizens about local services, costs and value. "The MPMP was a key element in the accountability framework set out in the legislation" (Burke 2005: 23). In effect, citizens should understand the value of their tax dollars at work. However, this relationship between Ontario's performance measurement program, and specifically reporting, has not been tested to determine if the accountability goal has been met.

Ontario's MPMP mandates that each municipality must collect data on a specified number of measures in different service areas, depending on the year. Measures and service areas have been added since the program was rolled out. Municipalities submit their results to the Province by June each year for review and analysis. By September, they must report to citizens. Municipalities are encouraged to report to taxpayers in a simple and accessible manner which might include the following: direct mail to all taxpayers or households, an insert with the property tax bill, a notice in local newspapers and the Internet. Although this program is not tied specifically to provincial funding or transfer payments, the Province encourages municipalities to use their results in their annual business plans and budget reviews for setting new targets and measuring achievements. The municipalities began reporting in 2001.

Purpose of the Study

Public performance management is now firmly entrenched with the focus on results and accountability. Governments around the world, at all levels, have invested significant time and resources into measuring and reporting performance with very mixed results. Some are voluntary performance systems and some are mandated, although those mandated are much fewer. Ontario, Canada with a mandated system is often looked to as an example by those considering measurement systems or looking to improve their existing systems.

With that in mind, there are no empirical data or analyses to compare the goals of this system, as mentioned previously, with the actual results. One measure of the system's

effectiveness is the documentation produced to show citizens how their government is doing, in this case, an annual performance report. Although one could examine the measurement instruments themselves or the data collection methods, this study will focus on the reports that are produced as the primary communication tool between the municipalities and citizens. Although the legislation is clear in terms of measurements and some reporting standards, there are clear differences in the overall quality of the annual reports produced by each of the 445 municipalities. The primary question that frames this research paper is what is the current quality of municipal performance reports in Ontario?

Literature Review

Standards for Public Performance Reports

In the United States, Herbert Simon and Clarence Ridley began writing on the importance of municipal reporting in the 1920s. At the time, Ridley was the Executive Director of the ICMA) and Simon was a staff member. Simon and Ridley co-authored a comprehensive monograph in 1939 which outlined specifications for the annual municipal report, including suggestions for content, preparation, design, publication and distribution. Later, Simon became a Professor of Political Science at the Illinois Institute of Technology. Simon and Ridley then co-authored a document called “Measuring Municipal Activities: A Survey of Suggested Criteria for Appraising Administration” (Ridley and Simon 1943) for ICMA, which is one of the earliest references to municipal performance measurement programs. From its earliest beginning (looking at the 1939 publication), annual reports were supposed to be about preparing a report for the public to inform “the busy citizen as to the return in service he gets from his tax dollar” (p. iii). This purpose still applies to municipal performance reports today.

Ridley and Simon (1939) offered a checklist of topics that could be covered in the municipal report. To begin with, they suggested that the report itself should be organized by municipal service and functions rather than by traditional government departments. The citizen “is on the receiving end of municipal government and is far more interested in the service program than in the minutiae of organization” (1939: 1). They further suggested that the report include data on agencies outside of government if they also are providing community services to citizens. The report should include both narrative and graphic elements to have more mass appeal to citizens. Comparisons over time should be made as well as comparisons with select cities.

According to Ridley and Simon, the report itself should have a clear logical organization, beginning with an introduction to the municipality, followed by descriptions of municipal services, then the municipality’s financial situation, and finally a summary of the municipal plan and progress made. Writing prior to the advent of computers, Simon and Ridley go to great lengths regarding the design and the actual printing of the report. An entire section is dedicated to the methods of report distribution. “If the report is intended, as it should be, primarily to inform the general public on the course of city affairs, then it must be given much wider distribution than the average report” (1939: 45). They suggest distributing one printed copy to every household in the city. They further recommend the report be disseminated to the media to publicize the report, to local schools and to all municipal employees.

In Canada, four organizations have issued national performance reporting criteria. The first is the Canadian Comprehensive Auditing Foundation [CCAF-FCVI]. “CCAF’s mission is to provide exemplary thought leadership and to build both knowledge and capacity for effective

governance and meaningful accountability, management and audit. The focus for, and beneficiary of, our work is the public sector” (CCAF-FCVI website). Its performance reporting program began with a national symposium in 1999. The program includes four major issue areas which are leadership, meaningful reporting principles, user’s expectation for performance reports, and the impact of audits on performance reporting. CCAF-FCVI created a task force of government performance reporting stakeholders from across Canada and from different levels of government. The draft principles were then reviewed by a broader network of professionals and public administration academics (CCAF-FCVI 2001, 2004 and 2006). The final nine principles, in six broad categories, include:

1. Focus on few key aspects of performance
2. Be forward looking as well as retrospective in terms of goals and results
3. Identify and explain key strategic risks
4. Disclose and discuss key considerations affecting capacity to achieve results and expectations
5. Disclose and discuss key factors affecting implementation of strategies
6. Integrate financial and non-financial information
7. Provide comparative information, both about your own past performance and with other similar organizations
8. Use and interpret fairly qualitative and quantitative performance information
9. Disclose the basis on which the report is based

The Public Sector Accounting Board [PSAB] of the Canadian Institute of Chartered Accountants (CICA) has also established generally accepted accounting principles (GAAP) for the public sector in Canada. One of the fundamental building blocks of GAAP for governments is a standard that defines what a government reporting entity is and how organizations within that government-as-whole entity should be accounted for. PSAB issued a Statement of Recommended Practice (SORP)-2 in September 2006 which was followed up with the publication *Public Performance Reporting Guide to Preparing Public Performance Reports* in May 2007. The guide is intended to “stimulate thought and provide a framework for preparing a public sector entity’s public performance report”. The guide outlines 13 criteria for public performance reports with an assessment scale from zero to four, based on the degree to which the criteria has been met (PSAB 2007).

1. Is the report easily accessible and identifiable?
2. Does the report provide information that appears reliable and valid?
3. Is the entity’s performance information relevant?
4. Does the entity provide fair information in its performance report?
5. Is the entity’s performance information comparable and consistent?
6. Is the report understandable?
7. Does the report focus on the a few critical aspects of performance?
8. Does the report describe the entity’s strategic direction?
9. Does the entity explain actual results and then compare them with planned results?
10. Does the report provide comparative information?
11. Does the report describe lessons learned and key factors influencing performance and results?
12. Did the entity link its financial and non-financial performance information?
13. Was the basis for reporting disclosed?

A third Canadian example is from the Treasury Board of Canada Secretariat and its *Performance Reporting Good Practices Handbook (2007)*. The handbook is meant to inform the way federal agencies report to citizens, also called departmental performance reports [DPRs]. The principles are:

- 1) To focus on the benefits for Canadians, to explain the critical aspects of planning and performance, to set them in context
- 2) To present credible, reliable, and balanced information
- 3) To associate performance with plans, priorities and expected results, explain changes and apply lessons learned
- 4) To link resources to results

Fourth, the Auditor General of British Columbia has the only provincial performance report rating system in Canada (2004). This system, outlined in *British Columbia Performance Reporting Principles*, includes eight principles:

1. Explain the public purpose served
2. Link goals and results
3. Focus on the few, critical aspects of performance
4. Relate results to risk and capacity
5. Link resources, strategies and results
6. Provide comparative information
7. Present credible information, fairly interpreted
8. Disclose the basis for key reporting judgments

The eight principles, although intended to improve reporting of provincial agencies to citizens, also speak to the importance of performance reports to legislators. In fact, their summary document outlines steps that legislators can take to effectively utilize performance reports themselves thereby increasing demand for performance information, communicating expectations of performance reports so they can be improved, and pushing for reporting standards across Canada and at all levels of government.

British Columbia also has a flexible performance reporting requirement for all municipalities. There is no standardized reporting format, so that the reports can be tailored to the local community. BC municipalities also have discretion in setting objectives and in selecting the performance indicators they will use. This level of discretion and customization is in stark contrast to the uniform and provincially mandated reporting requirements in Ontario's MPMP. BC began its municipal performance reporting program in 2003 in consultation with the Union of BC Municipalities, the provincial government and local government management associations. The focus has been and continues to be on building municipal capacity, which means that the Province plays a supporting role by providing advisory materials, training and sharing information about best practices.

These Canadian examples point to the importance of integrating financial and non-financial information, and recommend that performance be compared with earlier results of the organization and with other similar organizations. Also, information should be presented fairly and appear reliable and valid. Finally, the reports should disclose the basis for reporting, which is consistent across both sets of reporting principles.

Methodology

The intent of this study is to research all municipalities in Ontario because they are all mandated to participate in the Municipal Performance Measurement Program. Instead of

deciding on a sample of these municipalities, all municipalities were included, creating a sampling universe. There are a total of 445 municipalities in Ontario, representing a total of nearly 12 million citizens.

This research employed a mixed-method approach: a web survey for the top appointed local official (chief administrative officer/city manager) in each of Ontario's 445 municipalities to determine their perceptions of performance reporting and organizational attributes, and content analysis of the responding municipality's performance report.

Population and sampling

The population for this study was defined as all municipalities in Ontario. The choice to survey municipalities in Ontario is based on the fact that Ontario adopted a mandated municipal performance program in 2000 and the system has not been researched to date. To help reduce sampling errors, a list of all Ontario municipalities was purchased from the Association of Municipal Managers, Clerks and Treasurers of Ontario [AMCTO]. It is a private nonprofit organization, with over 2,000 members in Ontario and the largest association of local government professionals in Canada. It updates its list of all elected officials and staff in all 445 Ontario municipalities every year and offers this list as a product for sale in either a hard copy or electronic version. All the information can also be exported. Once purchased, the list is maintained for one year and semi-annual updates are available from its website. Sampling error would be reduced because of the accuracy and completeness of this list. Although there are sampling issues, this online survey was targeted to busy public managers who routinely use communications technology. Furthermore, because email reminders could be sent easily prompting them to respond, they could be less likely to ignore an online invitation to participate versus sending a paper survey.

Method overview and rationale

Method #1: Online Survey

The survey instrument included a total of 16 closed-ended items, most on a 5 point Likert scale. The city managers were asked to react to statements regarding their organization, and specifically about organizational culture, use of performance reports and communications efforts.

Method #2: Content Analysis

For the municipalities that responded to the online survey, their performance report for 2006 (the most recent available in spring 2008) was collected and rated. Reports for 2007 would not be available until September 2008. There are two main approaches to measuring quality of municipal performance reports. The first approach is by content analysis, which is a method of codifying the content of a written document into categories based on chosen criteria (Weber 1988). The second is to use indices to calculate an index score as an indication of the extent of quality of certain preselected items (Marston and Shrivs 1991). A quality index was used for this research.

The major performance reporting principles in Canada and the United States were examined (GASB 2003; GFOA 2006; Mercatus Center 2005; CCAF-FCVI 2001, 2004 and 2006; PSAB 2006 and 2007; Treasury Board of Canada Secretariat 2007; Auditor General of British Columbia 2004). Although similar in broad categories, I did not feel they addressed the unique situation in Ontario. Because Ontario is a mandated system, with few requirements for reporting format and the fact that all municipalities must report the same information which is collected the same way, the reporting principles advanced by these professional associations did not apply to the reporting mandate specifications there. . Therefore, I created a new set of criteria that reflects the unique situation in Ontario.

Just like with other reporting standards mentioned above, the rating is broken down into three broad categories: report content, report format and report distribution.

Report Content: 11 points possible

Report content includes six criteria for a total possible 11 points. The criteria are:

- Performance goals/targets stated (0=no 1=yes)
- Report is creative and innovative in form or content (0=use of FIR, 1=tables from Province 2=reformatted report). The FIR is the Financial Information Return submitted annually to the Province of Ontario containing all financial and performance data.
- Comparative – internal (year to year) (0=no comparisons, 1=compare to previous year, 2=multi-year comparisons)
- Comparative – external (to other jurisdictions) (0=no comparisons, 1=compare to at least one other jurisdiction, 2=compare to 2 or more jurisdictions)
- Explanations offered/challenges (0=no explanations offered, 1=only positive explanations offered, 2=positive and negative explanations offered)
- Contact information given (0=no contact information given, 1=partial contact information, 2=complete contact information including name, phone and email)

Report Format: 3 points possible

The second broad category is report format. This section included three criteria for three possible points. These criteria are:

- Visual elements used to enhance the report’s appeal (0=no use of any visual elements, 1=inclusion of any visual elements such as graphs, maps, diagrams etc.)
- The format of the report is logical and easy to understand (0=no headings or sections, 1=sections or headings used)
- Table of contents included (0=no table of contents, 1=table of contents)

Report Distribution: 6 points possible

The final category is report distribution. In terms of advertising the report, including information in a municipal mailing would be very inexpensive and could inform citizens about the availability of the report. For this reason, a jurisdiction taking out an advertisement would receive two points whereas a municipality utilizing an existing mailing would receive one point. This category includes three criteria which are:

- Report distribution (0=do not distribute, 1=make available upon request, 2=distribute to all households)
- Advertise report (0=do not advertise, 1=put an insert into municipal mailing, 3=take out an ad)
- Availability of report (0=not available, 1=available online only, 2=available online and in print)

Total possible score: 20 points.

Again, because most of the content is dictated by the mandated system, variability would only occur in the areas that the municipalities could include over and above the legal requirements. See the following Table which is the Rating Worksheet completed for each municipal performance report.

Findings

Quality of Performance Report

For this research study, the performance report for each responding municipality for the most recent year available was rated. The dependent variable was measured using a quality index created for this research study. The quality index is expressed as a score in three broad categories: report content (11 points available), report format (3 points available) and report distribution (6 points). I was able to rate reports for 106 out of the 136 responding municipalities.

Reports were acquired either online from the municipality’s website or were requested via email and telephone.

In terms of each of the categories ratings, municipalities received an average score of 3.7 out of 11 (33.6%) in the report content category, 0.83 out of 3 (27.7%) for report format and 2.0 out of 5 (40%) for report distribution. The following table offers more detail of the rating by report category. The mean for all three areas was below 50%, indicating the municipalities scored poorly in all areas. The highest mean was in the report content area.

Table 1: Category Score Ratings for Performance Reports

	N	Min	Max	Mean	Std. Dev
Report content score (out of 11)	106	0	10	3.71	2.38
Report format score (out of 3)	106	0	3	0.83	0.62
Report distribution score (out of 6)	106	0	5	1.97	1.13

Overall, the municipalities received an average score of 6.5 out of 20 (32.5%). The frequency table below describes the total scores received in detail.

Table 2: Total Scores Received for Performance Reports N=105

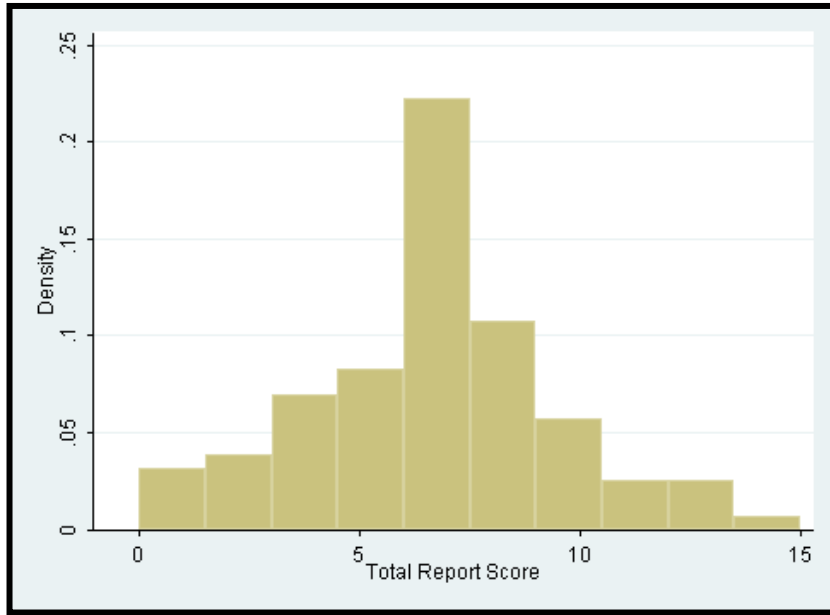
Total Score	Frequency	Percent	Cumulative %
0	1	0.95	0.95
1	4	3.81	4.76
2	6	5.71	10.48
3	6	5.71	16.19
4	5	4.76	20.95
5	13	12.38	33.33
6	15	14.29	47.62
7	20	19.05	66.67
8	17	16.19	82.86
9	5	4.76	87.62
10	4	3.81	91.43
11	4	3.81	95.24
12	2	1.90	97.14
13	2	1.90	99.05
15	1	0.95	100.00

Only nine (8.56%) of the reports received a “passing” score (11 points or over). The lowest scoring municipalities, 22 (20.95%), had results between 0 and 4. The average scoring municipalities, 65 (61.9%), had ratings between 5 and 8 and the highest scoring municipalities, 18 (17.13%), had scores between 9 and 15. The highest score achieved was 15 out of 20 achieved by only one municipality. Overall, the quality of the public performance reports in Ontario can conservatively be called poor. The histogram on the following page shows the normal distribution of scores.

Figure 1: Histogram of Performance Report Score

How is
Performance
Shared?

Most indicated they posting their online (75.7%), sending it to who requested placing an ad about it in a local newspaper (16.9%) and reporting at a council meeting (14.0%).



Report

managers were reports followed by citizens it (40.4%),

Role of Communications Professionals in Performance Report

Table 3: Role of Communications Professionals

Responsible	Preparing the report n=135	Distributing the Report n=172
Chief administrative office	12.5% (17)	21.3% (29)
Clerk's office	7.4% (10)	27.9% (38)
Mayor's office	0	0
Communications staff/dept	0.7% (1)	5.9% (8)
Budget/Finance office	77.9% (106)	69.1% (94)
Other	0.7% (1)	2.2% (3)
None		0

Demand by External Audiences

Managers were asked how frequently the following groups requested their annual performance report.

Table 4: Demand for Performance Report

Question 2 Individuals/ groups	Never	Rarely	Sometimes	Frequently	Consist- ently	N
Local Citizens	51 (38.06%)	57 (42.54%)	29 (14.93%)	6 (4.48%)	0	134
Local elected officials	25 (18.66%)	42 (31.34%)	37 (27.61%)	21 (15.67%)	9 (6.72%)	134
Media	48 (36.36%)	41 (31.06%)	29 (21.97%)	10 (7.58%)	4 (3.03%)	132
Community groups/ organizations	70 (52.24%)	46 (34.33)	15 (11.19%)	3 (2.24%)	0	134
Other municipalities	51 (38.93%)	41 (31.3%)	28 (21.37%)	9 (6.87%)	2 (1.53%)	131
Business community	72 (53.73%)	44 (32.84%)	16 (11.94%)	2 (1.49%)	0	134
Prov Govt	82 (60.74%)	17 (12.59%)	20 (14.81%)	10 (7.41%)	6 (4.44%)	135

Most (80.6%) managers responded that citizens never or rarely request their municipal performance report. This is also true for the media (67.42%), community groups (86.57%), other municipalities (70.23%), the business community (86.57%), local elected officials (50%) and the provincial government (73.33%). Overall, few of these individuals and groups were consistently requesting the reports from the responding municipalities. However, local elected officials seem to be requesting the performance reports the most (22.37% either frequently or consistently) followed by the provincial government (11.85%) and the media (10.61%) respectively. Citizens and the business community are the least likely to request the performance reports.

Usefulness of Performance Measurement

Responses to each of the statements in Question 8 regarding usefulness of the performance measurement program to their organization were summarized and are presented in the table below. First, the positive statements were analyzed.

Table 5: Positive Statements about MPMP

Question 8: Positive Statements	Strongly disagree	Disagree	Don't know/neutral	Agree	Strongly Agree	Mean
PM used in budgeting	23 (17.16%)	62 (46.26%)	6 (4.48%)	40 (29.85%)	3 (2.24%)	2.54
PM inform our strategic plan	13 (9.77%)	43 (32.33%)	27 (20.30%)	47 (35.34%)	3 (2.26%)	2.88
PM informs decision-making	15 (11.28%)	54 (40.60%)	14 (10.53%)	46 (34.59%)	4 (3.01%)	2.77
PM gives credibility to our decisions	12 (9.09%)	32 (24.24%)	27 (20.45%)	55 (41.67%)	6 (4.55%)	3.08

N=134

Nearly 2/3 of all municipalities (63.42%) disagreed that performance measures were used in budgeting. Almost half (42.1%) also disagreed that performance measurement results informed their strategic planning, although 20% did not know if it did or not. Over half (51.88%) disagreed that performance measurement informed their decision-making, yet nearly half (46.22%) felt that it did add credibility to their decisions.

Table 6: Negative Statements about MPMP

Question 8: Negative Statements	Strongly disagree	Disagree	Don't know/neutral	Agree	Strongly Agree	Mean
PM only fulfills provincial mandate	10 (7.41%)	31 (22.96%)	9 (6.67%)	48 (35.56%)	37 (27.41%)	3.53
Organization cannot afford the time and resources to invest	7 (5.22%)	35 (26.12%)	29 (21.64%)	41 (30.60%)	22 (16.42%)	3.27
Staff need better training to use PM	12 (9.09%)	21 (15.91%)	22 (16.67%)	61 (46.21%)	16 (12.12%)	3.36
PM not useful to my organization	9 (6.72%)	40 (29.85%)	26 (19.40%)	38 (28.36%)	21 (15.67%)	3.16
Reporting takes too much time and effort	8 (5.97%)	46 (34.33%)	24 (17.91%)	35 (26.12%)	21 (15.67%)	3.11

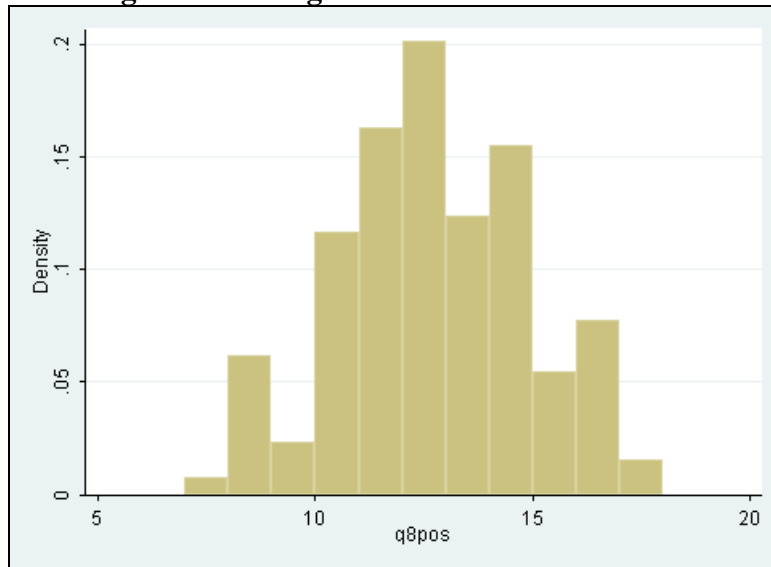
N=130

Nearly 60% of all municipalities agreed that the performance measurement system is only undertaken to fulfill a Provincial mandate. Almost half (47.02%) of respondents agreed that their municipality cannot afford to invest more resources to better utilize performance measures. Over half of respondents (58.33%) agreed that staff need to be better trained to utilize performance measures in their jobs. Slightly more municipalities agreed (44.03%) than disagreed

(36.57%) that performance measures under the performance measurement system are not useful to their organization. Slightly more municipalities also agreed (41.79%) than disagreed (40.03%) that performance reporting takes too much time and the usefulness of the indicators are not worth the time invested.

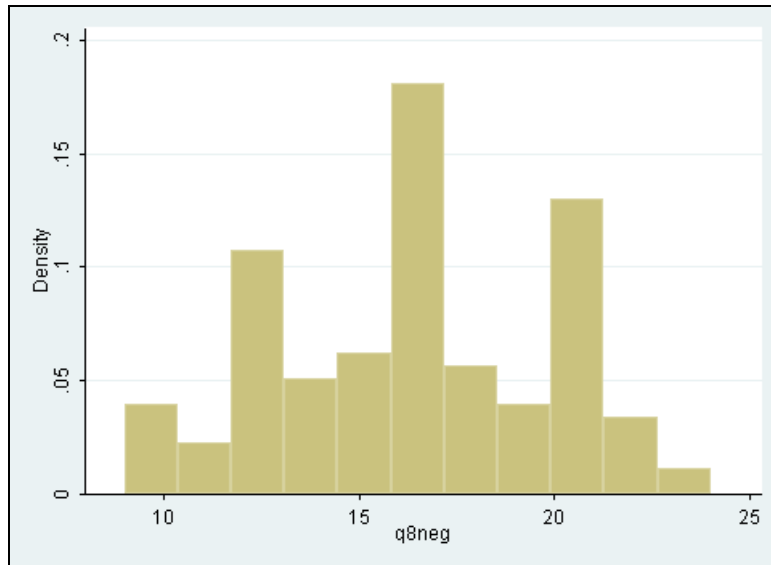
Answers for all four statements were summarized and a new variable created. The graph below shows the score received for all four positive statements. Out of a total possible score of 20 (four statements for a maximum point value of 5 each), most municipalities received a total score of 12 to 15 (60%-75%). The mean for all positive statements was 12.24 (61.2%). The scores were fairly evenly distributed on a normal curve with most of the municipalities clustered near the mean. The distribution graphically depicted below shows an even distribution with no skewness or kurtosis.

Figure 2: Histogram of Positive MPMP Statements



Next, the scores for all five negative statements about MPMP were combined into a new variable. Out of a total possible score of 25 (five statements for a maximum point value of 5 each), the mean for all negative statements was 16.34 (65.72%). Overall scores for the negative statements were not evenly distributed along a normal curve. There seems to be more disagreement among municipalities as to the negative aspects of the performance measurement system. However, overall, responding municipalities were more negative about the system than positive.

Figure 3: Histogram of Negative MPMP Statements



I then tested to see if there was a correlation between report score and either negative or positive statements about performance measurement from Question 8. The table below summarizes the correlation results. The quality report score was positively correlated to positive perceptions of performance measurement. The quality report score was negatively correlated to negative statements of performance measurement, as expected.

Table 7: Correlation of Report Score to Positive and Negative Statements

	Score	Positive Statements	Negative Statements
Score	1.0		
Positive Statements	0.1543	1.0	
Negative Statements	-0.2536	-0.3067	1.0

N=95

Conclusion and Implications

The purpose of this research study was to determine the quality of Ontario's municipal performance reports. To determine the quality of reports, content analysis was conducted for those responding municipalities' reports based on a quality index designed specifically for this study. This is the first empirical test of performance report quality. According to this research, most of the municipalities are not producing reports that are informative, useful or support accountability to anyone other than the Province of Ontario. This research attempts to understand why some municipalities go beyond the minimum reporting requirements and attempt to report at a higher level.

This research has shown that public managers are also not investing the time or resources to create high quality and useful performance reports despite the goal of increased accountability of the MPMP system. With little buy-in from management and low quality reports, citizens are unaware of the reports themselves and therefore are not seeking this information out by searching on municipal websites or requesting copies directly.

The content analysis showed that very few municipalities included comparative data, allowing residents to see how their own municipality compared to others of their choosing. The open-ended question in the survey indicates a possible explanation for this lack of comparison. City managers felt that because accounting practices vary across municipalities, reporting of results will vary and therefore performance results cannot be compared across municipalities. They resent the ability of the Province to compare results despite these existing flaws. Their comments include:

- “The MPMP process as set out by the Provincial government is flawed...There is, however, no standardization of accounting practices which allows municipalities to be compared on an equal basis.”
- “Every municipality is different, from geography to economic ability, and comparisons between municipalities are impossible because of the vast differences in level of services provided and the costs associated with the delivery”.
- “Until the base cost allocations are performed on the same basis for all municipalities, inter-municipal comparisons are useless.”
- “Not all measures are relevant to our municipal responsibilities which are shared with local municipalities. Some combined measures (i.e. regional and local municipal) would make for better comparators with other jurisdictions in North America and better explain the full costs of services to the typical household. Continuous adjustment of some MPMP inputs makes year to year trending impractical without re-stating prior years”.
- “Performance measurement is becoming more important as we are building towards implementation of a strategic plan that provides clear performance expectations. MPMP statistics are largely irrelevant for this purpose and for comparative purposes discrepancies in the capture and reporting of data reduce comparability”.

Currently, the Provincial Government and the individual municipalities have access to a password protected website that would enable easy comparisons across municipalities called MIDAS. There are no immediate plans to make this website available to the public. Therefore only government employees can compare their municipalities to other municipalities and over time. The goal of accountability to citizens is not possible under the current reporting system because of the lack of transparency and limited report promotion.

Many organizations have also pointed out that performance data are only useful if it is easily understood, timely and relevant to decision-making. The perception of local managers is that the current MPMP system is none of these things. The following are some direct quotes from city/town managers who responded to the online survey when asked if they would like to leave additional comments about Ontario's system. I grouped these quotes together because they speak to municipal buy-in of the system:

- “MPMP have [sic] no affect on the operations.”
- “It is a waste of time.”
- “No use for the municipality.”
- “Question the value of annual MPMP reporting, and frequently complain that we only do it because it is a Provincial requirement”.
- “Recognizing the challenges of trying to be consistent with information and practices of various municipalities, the MPMP data call [sic] and process is flawed and not effective. It has unfortunately become an exercise only, and is not consistent with any reasonable and meaningful municipal performance management system that I am aware of - and there are some good systems out there”.
- “MPMP is only a small part of performance reporting and benchmarking work we do”.

For managers to see the value in MPMP, they need to see its usefulness to performing their duties. As the quotes indicate above, the MPMP system is not highly regarded. Dusenbury, Liner, and Vinson (2000) described four techniques upper levels of government can use to encourage local adoption of performance measurement. They can mandate using regulations and performance contracts. They can provide technical assistance in the form of best practice information, consultant services and training. They can provide incentives such as financial awards, increased management flexibility and recognition. They can also use the data to provide information to the public by releasing comparative performance reports and requiring reporting to citizens. The MPMP system does use regulations to mandate performance measurement and reporting to citizens, but it does not provide any incentives for their participation or to improve performance reporting to citizens. Furthermore, the MPMP system is closed to the general public other than the release of individual municipal reports. No comparative data are released by the Province to improve stakeholders support for MPMP. Furthermore, the Province might build external stakeholder support for MPMP by training local government officials and employees in the usefulness of the data. Unless the Province builds support for MPMP from municipalities or their stakeholders, it won't be taken as seriously.

Broader Implications

This study has broader implications beyond Ontario as well. Performance measurement systems have been adopted broadly at all levels of government in many countries. Local governments differ in terms of the type of systems, and clearly, the mandated system in Ontario is one particular type. Those states or provinces considering a mandated system would be wise to investigate how a mandated system, with the best of intentions, has produced poor quality reports and negative perceptions by municipal managers.

The other broader implication of this research is the importance of communication with citizens. Performance reports are meant to be shared with the public so they are better informed about their local government, and have an idea about the value they receive for their tax dollars. In Ontario's mandated system, because of problems of time lag in reporting results and the lack

of an open and transparent system, the reports clearly have little value to citizens. Despite the best of intentions, municipalities that adopt a performance measurement system should have a clear idea of the intent of the exercise. Is the system meant to inform municipal managers, local elected officials, citizens or all three? If communication with citizens is clearly a goal, then reports must be timely, easy to read, easy to understand and broadly available. Stakeholder salience is crucial to the effectiveness of MPMP.

Unfortunately, this research study shows that in a top-down mandated system, these important criteria are not being met. Furthermore, distribution of a report is the lowest level of one-way communication. Performance “reporting assists in the maintenance of an informed public, the essential foundation of democracy” (Lee 2001: 33). To be truly valuable, performance reports should clearly indicate goals, results and explanations. Then once the report is broadly distributed, there must be a process to receive feedback about performance. Performance improvement should be based on involvement by local citizens, in concert with officials and staff. Performance measurement results should be the means and not the end. Mausolff (2004) argued that performance measurement can “function as a feedback mechanism for program improvement” (9). The four stage process can improve organizational learning and influence positive change.

Clearly, technology can play a role in the advancement of a performance measurement system, allowing 24/7 access to data in real-time. Using technology, results could be easily tabulated, consolidated and personalized. Data can be made manipulated by users so that they receive the information and the level of the detail they desire (Daniels and Daniels 1991). Schachter (1997) called for a three-step reporting system that increases in detail. According to Schachter, an annual report (which could include performance information) would be mailed once per year to all households. This document would encourage readers to follow up for more detailed information on any topic, by using a postage-paid postcard. Secondly, government agencies would create monthly reports with more detail about performance and analysis. These agency reports would be mailed to households and then neighborhood meetings would be held to discuss the reports. To work, administrators would not only listen but act on the citizens’ suggestions. Finally, the third tier report would have the greatest detail of information and would be supplied “upon request”. As Schachter argues, “the public sector cannot be responsive without citizen input; citizens cannot provide input without sufficient information to evaluate agency performance” (88). To truly respond to citizens, we need to go beyond informing them (as the Ontario MPMP program shows) to creating an active, participatory citizenry.

In a mandated environment, there are obvious problems with managers not valuing the system. This research shows that in such a system, managers view the program negatively which has an effect on the overall quality of reports. For jurisdictions considering such a program, this flaw should not be overlooked but rather planned for. Municipal employees deserve more training and awareness of the usefulness of the performance measurement system. How will it help them do their job better and create better value for citizens? This question must be answered by the mandating jurisdiction if they intend to create a positive and successful program, and ultimately high quality performance reports.

Although not specifically examined in this research, jurisdictions considering a performance measurement system should not underestimate the value of individual organizational leaders such as city managers and mayors (Moynihan and Ingraham 2004). They examined individual-level variables to explain the use of performance information in decision-

making. Leadership does matter in all circumstances. This research study focused on organizational-level variables but it did not tell the whole story. It seems that quality performance reporting could be a function of community, organizational and individual factors.

As this research has shown, a performance measurement system is no guarantee that actual public performance will change or that governments will be more accountable to citizens. Public employees need to receive the proper training and support to use performance data to improve their results. Citizens need to receive regular and appropriate information about government performance and learn how to evaluate those results. Nicholson-Crotty, Theobald and Nicholson-Crotty (2006) found that “managers’ assessments of organizational performance and decisions regarding solutions depend on the choice of performance measures” (101). Public managers must navigate a complex environment responding to both political demands from upper levels of government, from local elected officials and citizens themselves, all with different ideas about measuring organizational effectiveness. Performance measurement systems must be sensitive to this unique environment.

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